

Toyota's big new answer for our kind of economy.

# New Corona. Your kind of car.

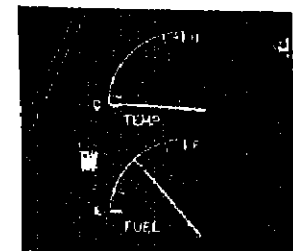
Toyota announce the first new concept family car. New Corona introduces the most significant new concept in power and economy ever offered in New Zealand. Founded on Toyota's unique mastery of design and small engine technology, new Corona features a new generation engine — the brilliant 3-T, and vastly superior design principles. The outstanding success of new Corona's design has dramatically lowered the normal wind-resistance level resulting in substantially increased economy and an uncanny quietness in the cabin. New Corona is the brilliant result of Toyota's unrelenting quest for peak performance and outstanding economy.

## Your kind of styling:

Simple, clean, classical. Three words that best describe this bold new design. From the smooth front with its squared-off headlights, to the wrap-around rear tail lights, this is a car designed with two overall concepts in mind — enduring style and more usable space.

## Your kind of economy and performance:

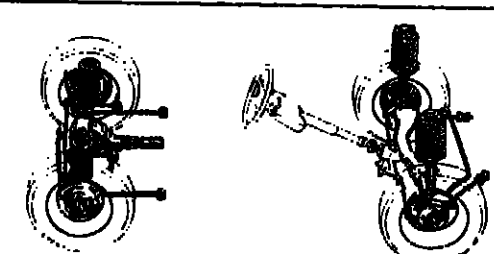
A new engine for a new car. The brilliant 3-T motor has been specially developed from Toyota's unique understanding of small engine technology. Based firmly on the principle of combating constantly rising fuel costs, Toyota's advanced know-how has brought New Zealand motorists the vital economy breakthrough we needed.



A special feature to remind you of Corona's economy — the petrol gauge monitors the amount left in the tank — even when the ignition is off!

## Your kind of reliability:

If there's one kind of owner that must have total reliability it's the family man. New Corona is engineered on demanding principles of long life. Toyota engineers have been able to perfect reliability that surpasses even the previous Corona — itself a standard of reliability that other manufacturers have long envied. Construction is typically Toyota — tight and tough and includes the latest proven techniques of protective and preventative safety.



Corona XT sedan features McPherson strut suspension complete with stabilizer bar up front and 4-link lateral rod, coil suspension in rear. The improvement in ride and handling is quite outstanding.

## Your kind of comfort:

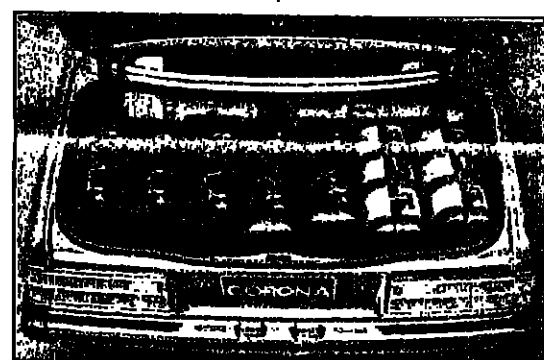
We believe that new Corona is the most comfortable and the quietest family car you can buy. This comfort and quietness was not easily achieved. Thicker, sound absorbing material is used extensively throughout. A remarkable new bull-head deadening system has been introduced.



Thick, pile carpets cushion the floor. The seats, in the tradition of Toyota, are deeply cushioned, fully cloth covered and fully adjustable.

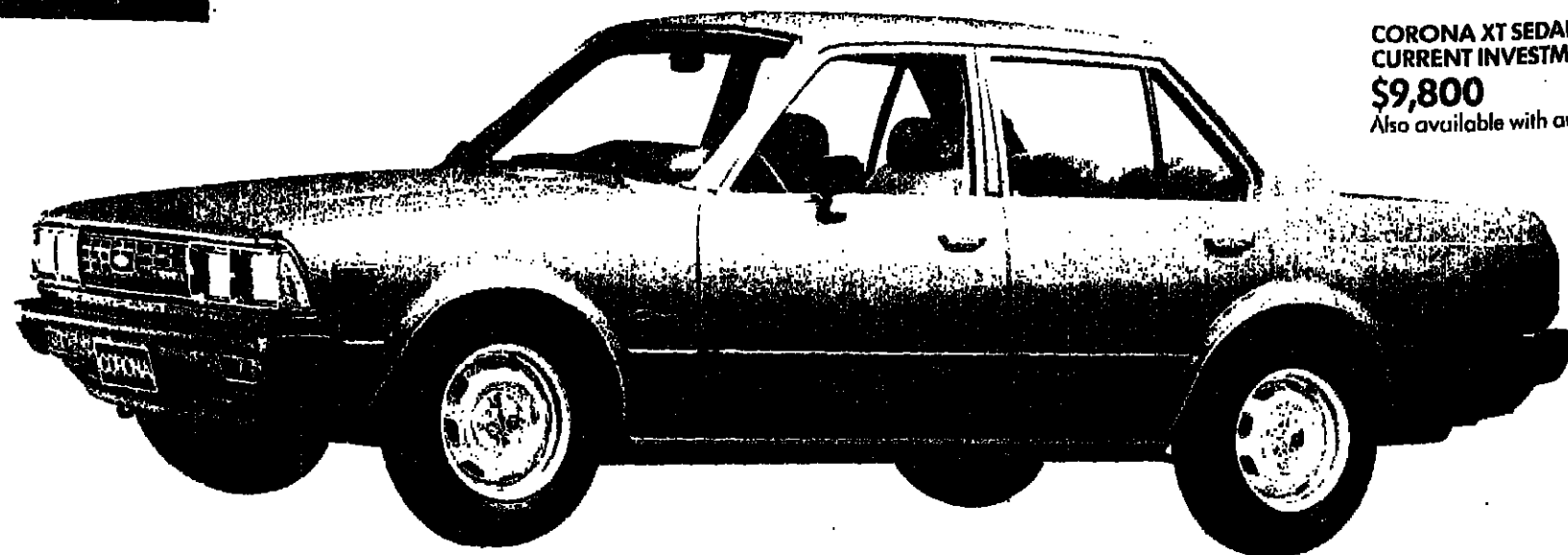
## Your kind of space:

Space. The word that goes best with new Corona. Space for more luggage. Space for five passengers. Space that's open and free because the



windows are high and wide. In the cabin, legroom and particularly shoulder room is greatly improved. Importantly for the family man, the new Corona's boot is deep, wide and long und — as the photograph shows — it can easily accommodate the most demanding family man's cargo.

## New Corona. Your kind of investment.



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## Judge lays down law in Securitibank fight

by Warren Berryman

ASUPREME Court judge has ordered the official assignee to send out a newsletter to Securitibank creditors to clear up the confusion created by two earlier newsletters.

One of the earlier newsletters was sent out by the Securitibank Investors' Consortium with a request for proxies. The consortium wants former fraud squad man (Chris Sturt and Ross Curley as joint liquidators, and it wants creditors to vote for a resolution directing the liquidator to take over a \$50 million action against Securitibank shareholders and directors.

Official assignee, Ernie Gould — acting liquidator of Securitibank — sent out his own newsletter and request for proxies. He made clear he did not think the liquidator should join the \$50 million action.

Gould had also told the New Zealand Herald that proxies given to the consortium might be worthless for the purpose intended and might disfranchise a creditor who gave his proxy to the consortium.

Shortly after Gould's newsletter went out, the consortium and Gould went before Mr Justice Barker for a three day in-chambers hearing.

Mr Justice Barker's decision required Gould to send out a third newsletter containing the following points.

● Justice Barker's decision that under rule 132 of the winding-up rules, Auckland solicitor Peter Blanchard might be in difficulty if he voted on any resolution which had the effect of the liquidator paying past legal fees.

● Blanchard indicated that he was no longer available to accept proxies, and the court approved that in his stead Auckland University law professor, J P Northey should be available to receive proxies to Auckland accountant Jack Anderson's alternate.

● Because of the confusion arising from the two former newsletters, creditors would have the opportunity of changing their minds by submitting a fresh proxy if they so desired.

● Because of the need for the third explanatory newsletter the creditors' meeting scheduled for July 2 would be postponed until July 16.

● Mr Justice Barker ordered that the newsletter contain a statement telling creditors that Crawshaw's views were regarding taking over the \$50 million claim against Securitibank shareholders and directors, initiated by the Auckland Paraplegic and Physically Disabled Association Inc.

The third newsletter said:

"Throughout the period in which he held office, Keith Crawshaw with his legal advisors has been giving careful and detailed consideration to the very complex question of whether, as part of the liquidation, any action might properly be taken against any of the directors of shareholders or other persons connected with the Securitibank group.

"These investigations were incomplete at the time of Crawshaw's death. On the day he died he had actually made final arrangements to convene meetings of creditors to report on the progress of the liquidation and to fill the vacancies on the inspection committee.

"He had been advised by the consortium that at that meeting, a motion would have been moved that he should join or take over the present proceedings in the name of the Auckland Paraplegic and Physically Disabled Association Inc.

"It is clear from his files and the files of his legal advisors that he had intended at the meeting at the time of discussion of such a motion if it were moved today that he had been strongly advised that it would be most unwise to take a final decision on these matters until the various investigational procedures still in progress had been completed.

"This was the position which existed at the time I assumed responsibility as Official Liquidator following Crawshaw's death and no further or new matters have been brought to my notice since. Sturt and Watson had been instructed by Crawshaw to conduct investigations for him and had submitted interim reports and a further report from them is expected in the very near future". Crawshaw wrote in the newsletter.

Mr Justice Barker ordered that the newsletter make clear that the appointment of liquidator rests with the court although full consideration be given by the court to the wishes of creditors.

In his decision Mr Justice Barker said: "I consider the court bears a very heavy responsibility in the circumstances of this complex liquidation. I do not regard my function as a rubber stamp for the wishes of the meeting. I do not necessarily consider that the matters listed by the consortium in its newsletter are the only principal criteria for the selection of a new liquidator."

● WARREN Berryman looks behind the contest developing between the consortium and the official assignee. — Pages 8 and 9.

## Ebb in liquidity swamps PSIS

It has been evident for more than a year that fundamental problems of size and policy have been developing within the PSIS.

More recently, liquidity problems have been apparent. But the more questions asked, the more management closed up.

Frank denials of potential liquidity problems emanated from general manager Jim Lawrence as late as May this year — after the society had placed blocks of shares on the market for the second time in 12 months.

Just as obviously, the present problems are serious. And so emergency legislation was rushed through Parliament last week to stave off the collapse of the institution.

The legislation was needed to restructure a huge cooperative which grew too fast in too short a time.

It expanded its growth across an increasing number of areas at a time when other institutions could read the warning signs and opted for cut-backs.

Retailing has taken a tumble in the last few years. Yet the PSIS retail division continued its rapid expansion through this period with management aiming for bigger and brighter stores which attracted still higher overheads. By last year retail outlets numbered 27.

The massive 18 storey headquarters in Wellington was completed only last year, when already a huge shopping complex was underway in nearby Willis Street.

Management should have known that retailing was declining rapidly. But it went ahead with the project anyway.

It is understood the PSIS was committed to the development on land they had been obliged to acquire with the purchase of the liquor outlet McTraiths.

It seems management committed itself to projects too many times without allowing for the realities of changing market forces.

Rigid adherence to old philosophical policies led to overspending. Rebates were still being offered when trading profits did not seem adequate to cover them. They were however, reduced slightly last August.

Strong competition for members' dollars was coming from other retailing outlets who began discounting heavily.

Once able to offer cheap mortgage finance, the society has of late raised its rates to

market levels.

The society's financial division had grown to gigantic proportions with funds nearing \$120 million by last year.

But more than \$41 million had been tied up in fixed assets such as land and buildings. A further \$50 million was on loan to members.

Lending policies became erratic over the last few years when the society found itself pitted against the stronger financial institutions operating in a freer market. And Government too, began stepping in and out of the market, offering interest rates which competed strongly for

members savings.

But last year the board of management raised its interest rates on loan money and lowered interest paid on contributors' deposits.

Members rose in anger and in efforts to get more PSA say in management, dumped from the board those men who were perhaps more commercially minded.

The board was directed to explore alternative means of adjusting interest rates.

More recently higher interest rates have been offered for members funds — but not

(Continued on page 11)

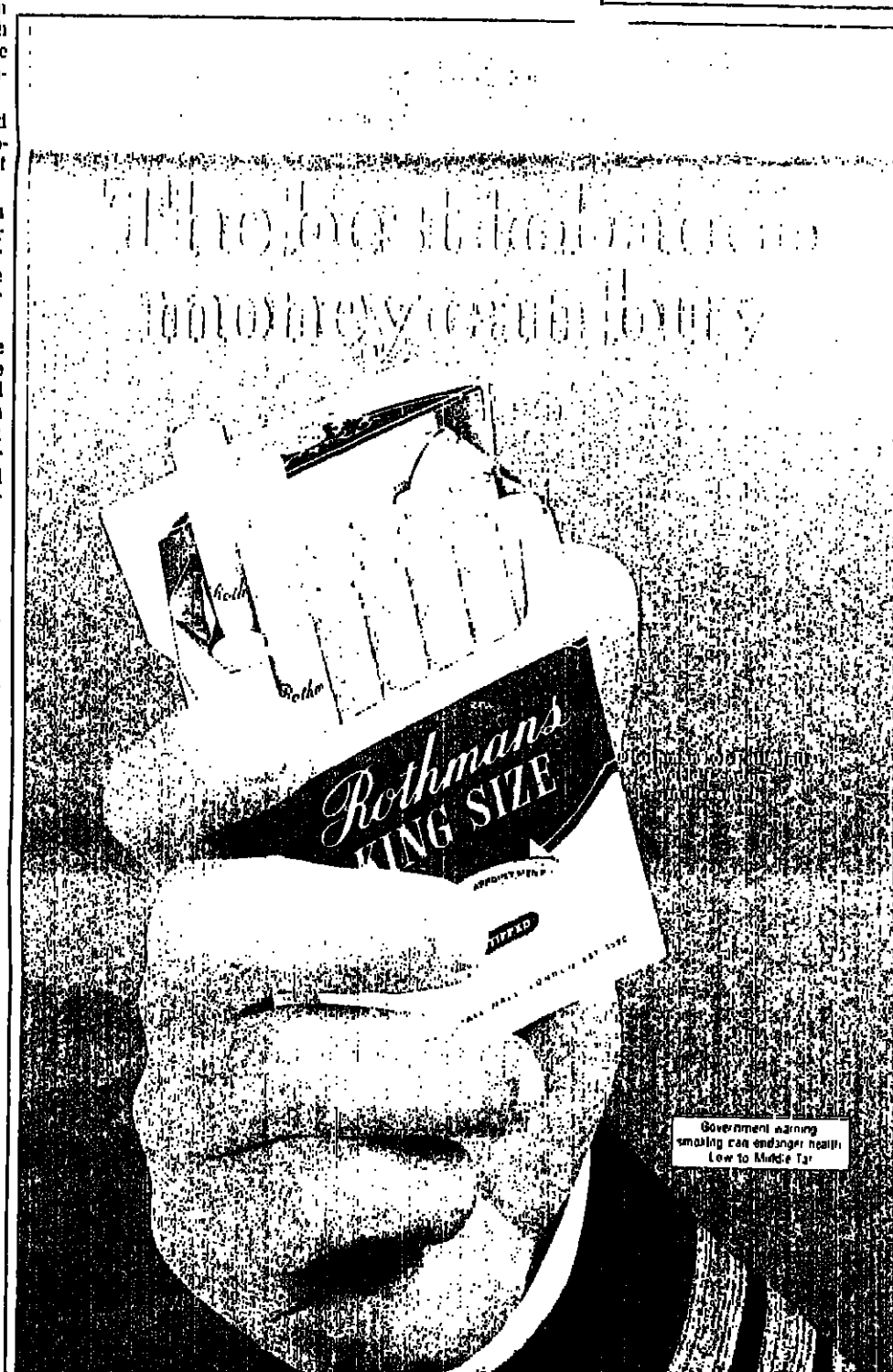
## Inside:

PARLIAMENT is being squeezed between the pincers of Cabinet domination and expanding caucus committee activity. Colin James suggests it is time for National to start pushing the pincers apart again — Page 2.

JOHN Shean looks at the "Motopak" auto insurance scheme and finds the cover offered linked by restrictive conditions — Page 7.

PETER O'Brien details the new export incentives scheme — based on "local domestic added value" rather than the "local content" — Page 12.

WILL the legislation that empowers Government to reduce taxes be used just to reduce taxes or does it pave the way for abuse of the legislative process? — Page 16.



# Cabinet and caucus squeeze House out of act

by Colin James

"FOR some centuries the liberty of the people in the British communities has been safeguarded by the division of power between the Legislature, the Executive and the Judiciary."

"The Legislature has been given the responsibility of making law, of deciding what power should be given to the Executive."

"The Executive has been given the responsibility of exercising these powers given to the Administration, and the Judiciary has been charged with the responsibility of interpreting the powers given to the Executive in accordance with the law."

"In this bill we see a further attempt by this socialist Government to take from Parliament the right to legislate, and anyone who votes for this bill in its present form is surrendering the traditional rights of Parliament to determine what the law shall be."

So said Sir John Marshall when he was plain Jack, MP

for Mount Victoria, in the second reading debate of the Labour Government's Economic Stabilisation Bill in 1948.

His fears were justified. The measure swept huge areas of economic management policy from Parliament's control to that of the Cabinet. War-time emergency measures became permanent peacetime powers.

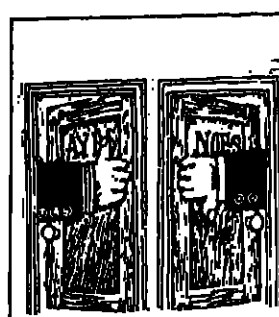
Marshall, in time, got over his distaste and in 1972 used the Act's powers to replace a parliamentary act — on wage controls — with Cabinet regulations.

As present Prime Minister Rob Muldoon has said: "You can do anything provided you can hang your hat on economic stabilisation."

But not change tax rates. Even the 1948 Government left that with Parliament.

The reason was simple. The right of the people's representative institution to decide how much tax the people will pay is a central constitutional principle.

It was at the heart of the great constitutional battles of the seventeenth century.



POLITICS

The Bill of Rights in 1689, foundation stone of the parliamentary democratic system, specifically reserved the power of taxation to Parliament to ensure the king could not "subvert and extirpate... the laws and liberties of this kingdom."

Some distinction has been drawn between indirect taxes and direct taxes. The British Finance Act of 1961 empowered the Chancellor of the Exchequer (finance minister) to change the main customs and excise duties and purchase taxes by up to 10 per

cent in either direction.

In New Zealand the Executive — effectively the Cabinet — has had the power since 1933 to exempt goods from sales tax or remove goods from the exempt list.

In May this year, that power was used, in effect, to impose sales tax on a previously exempt range of goods without reference to Parliament, even though Parliament sat that week.

In 1976, the Cabinet was given the power also to reduce sales tax rates. Apart from a brief flurry by Jonathan Hunt, this point was not debated in the House.

Now the Government wants to tamper with income tax in the same way.

It is an attractive power for a Cabinet to have. It could be a handy election aid. In conjunction with removal of sales tax exemptions, it could be a useful means of shifting the incidence of taxation from direct to indirect.

The granting of that power to the Cabinet would be constitutionally lawful. Parliament can legally

delegate its authority to the Cabinet, provided it does so in specific language.

But it would be a major break with the Westminster tradition which has reserved income tax for Parliament. As Professor Hood Phillips says in his authoritative book on constitutional law: "One of the central themes of English constitutional history was the gaining of control of taxation and national finance in general by Parliament."

Recent anti-tax referenda in some states of America have imposed special voting requirements on their legislatures ("parliaments") — in California, for instance, substantial tax rises now require a two-thirds majority.

That it is only for a reduction that the Government proposes to take powers from Parliament here is immaterial.

Another greatly respected British constitutional lawyer, S A de Smith, says: "The power to impose or vary taxation is, in general, too important to be delegated by Parliament."

Regulations have their place. De Smith sees their value as "the promotion of efficiency."

But in this case, it amounts to convenience. Parliament is a nuisance to the Cabinet and National Governments prefer to confine their sittings to the second half of the year.

There is no reason why Parliament could not be called together to debate and approve reductions in income tax at any time — as has been done.

Nor is there any compelling reason why the Prime Minister should not follow the advice of one of his own backbenchers, Marilyn Waring, and spread sittings out over 10 months of the year, as the British do.

Of course, parliamentary approval is a formality. The Cabinet sets tax rates; Parliament does not change them. Why not recognise reality and leave it to Cabinet?

One reason is that Parliament need not always be dominated by the Cabinet. While the Labour Government in Britain was in a minority recently, backbenchers were able to force on the Government tax thresholds indexed to inflation. Theoretically, that could happen here if the Social Credit tide rolls on.

But the main reason is that if Parliament is to be reformed, every existing function and nominal power, no matter how cosmetic, must be jealously kept as a base for reform.

If the present process of erosion goes much further, there may not be enough substance left as a basis of reform.

At present, most proposals for reform centre on strengthening the committee system. The rationale is that the committees are thought still to perform a useful scrutinising and legislative function, whereas the chamber is so dominated by the Government, as to be a sham.

But even the select committees' value is under attack from the developing role of the caucus committees — committees of backbenchers of each party which meet in secret.

Caucus committees have been part of the scene for more than 20 years. Usually in the 1960s, they investigated matters delegated to them by the whole caucus.

But during the latter half of the 1970s, their scope and activities have expanded

dramatically, including inquiring into aspects of administration and initiating their own activities.

This year they have been deeply involved in the legislative process. No bill now reaches the House before it has gone through a testing scrutiny by the appropriate caucus committee. Officials are summoned before it to explain and defend legislation. Outside pressure groups or interested groups are called in for discussions.

In all except the formal power of subpoena, the power of the Government caucus committees is now coming close to rivaling that of the parliamentary select committees. One minister thinks they have more power.

This has the advantage that the legislation is being properly scrutinised somewhere. Backbenchers argue that the local body legislation about to reach the House is much the better for the going over it.

They argue that the less formal atmosphere of a caucus committee encourages more searching analysis than is possible for Government members in the more public and therefore potentially embarrassing select committee. They argue also that the important bills go to select committees anyway so the select committee's role is preserved.

But, in the words of one of them, this effectively reduces the role of the select committees to that of a chamber of review — an upper house. Throughout the world it is the lower houses that have the power. New Zealand abolished its upper house in 1950.

The expansion of caucus committees' powers is a important constitutional development — probably the most important of the 1970s — is also eroding the base in which Parliament might be reconstructed through the select committees.

Is Parliament worth reforming? Yes. Compared with Parliaments enabled to Italian fascists to give repressive laws and dictatorial methods the appearance of legitimacy.

Parliament is being squeezed between the pincers of Cabinet domination and expanding caucus committees. Is it time for its liberal party National Union to claim itself to be to strong pushing those pincers apart?

ECONOMICS Correspondence looks at taxation without representation — Page 16.

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# Meat men confident about Iran State spending doubles in four years

by John Draper

A multi-million meat deal with Iran is certain to be arranged later this year leading to regular shipments beginning next January.

The meat industry is in no doubt that a deal will be made. Only the price and quantity is in doubt. Iran is hungry and New Zealand is the largest supplier of lamb and mutton in the world.

Australia, Rumania, Bulgaria and some South American countries are looking to sell. But most industry sources are confident that the Iranians will still want all they can get from New Zealand.

The industry gets together in Wellington today, July 4, to discuss the details of what is expected to be the Iranian Meat Organisation when it arrives later in the month to finalise the deal.

Talks in Iran recently broke down on price. The Iranians want a year long contract at a fixed price, a deal the industry is unable to accept. Iran is also demanding that it buys from one seller, preferably a government or quasi government organisation, missing out all middlemen who are suspected of bribery and corruption.

The industry is keen to get the deal sorted out before the next killing season begins in October. But it is divided on how far it should go to accommodate Iran when other customers like Iraq and Greece show promising growth. This season the Iranians left it too late to buy even if they were willing to accept meat not killed in the traditional Muslim manner.

Estimates of next year's kill vary. Optimists are forecasting a 35 million lamb

kill, two million up on this season's. Favouring their view is the increasing national flock which should produce more lambs next year and the worst lambing percentage in 1978 for several seasons.

Weather permitting, a five per cent increase should be easily obtainable this year on top of a three per cent increase as a result of the extra ewes put to the ram. Plenty of autumn feed as there has been, nearly always yields a good crop of lambs. Pessimists claim the increase in the kill will only be three per cent with farmers retaining any further increase for flock growth.

A two million increase in the kill should yield 26,000 tonnes of lamb. Estimates of Iranian demand, depending on the pricing formula agreed, vary from this figure up to 45,000 tonnes with a possible increase to 50,000 tonnes in 1981. The industry is unlikely to agree on any pricing formula that is not at least reviewed every three months.

Beyond 1981 there appear to be further prospects for growth. During the Islamic Revolution which installed Ayatollah Khomeini, breeding ewes were slaughtered for meat. The Iranian flock is now severely depleted and will take several years to recover.

The Government is also discouraging live meat imports though it has signed a contract with Rumania to supply 1.5 million and is talking with Australia for another 2 million. High prices are against the live trade.

Australia is also likely to get an order for a further 10,000 tonnes of frozen lamb this year on top of the 10,000 tonnes contracted for last month. Australia beat New Zealand to the Iranian market after the revolution because it already

slaughters in the Halal fashion. New Zealand freezing works will also have to kill in the approved manner.

Up to 100 Muslim slaughtermen may be needed but other changes are likely to be cosmetic, at least for next season.

In the longer term it is expected the Iranian religious leaders will demand that slaughterboards are aligned with Mecca.

Final details still have to be negotiated after the industry has sorted out how the contract is going to be handled. If there is any dispute the Meat Producers Board has the statutory power to impose a solution.

Meatworkers Union secretary Blue Kennedy has already said publicly that he can foresee no problems with the employment of Muslim slaughtermen next season. But one mystery does remain. Kennedy went to Iran, suddenly, a few days ahead of the meat industry delegation.

He had talks with his union counterpart while there, that

he does not deny. But it seems his trip was paid for by Auckland transport entrepreneur Malt Thompson who was interested in carrying live sheep into Iran.

Kennedy refused to confirm or deny that he was in Teheran with Thompson or that his trip was paid for by Thompson or his company Nationwide Air International Ltd. But Kennedy did make a statement while in Iran reiterating his union's view saying that live sheep exports from New Zealand would not be permitted.

The delegation did score one important point. The Iranians are now prepared to accept fatty P grade lambs.

Most Muslim countries prefer the leaner Y grade, but less than a third of lambs killed for export fall in that category. Most are P grade, bred for the British market, still New Zealand's dominant customer.

A 50,000 tonne order from Iran, worth around \$100 million, will almost certainly push all lamb prices higher.

# State spending doubles in four years

GOVERNMENT spending has taken just four years to double.

In the financial year to March 1979 the Government purse totalled \$3578 million, financed 80 per cent by taxation with new borrowing contributing 10 per cent, a modest \$369 million.

Now the Auditor General, Fred Shalles has revealed that new borrowing has trebled in four years to \$1210 million or 17 per cent of the \$7185 million the Government spent in the last financial year.

Taxation, though nearly doubling in the same period, has slipped as a source of funds to 69 per cent. The Government would now seem to be intent on reversing that trend with the latest Budget.

The Government's insistence on seeking the lowest interest rates and ignoring currency appreciation, added another \$125.9 million or four per cent to the overseas debt during the

The figure disguises a gross appreciation of the deutschmark, French and Swiss franc, Singapore dollar, the Japanese yen, the Dutch guilder and the pound sterling against the New Zealand dollar of \$140.7 million. (Australian, Canadian, American and Hong Kong dollars depreciated during the year.)

Shalles also points out that the Government sold off overseas investments worth \$157.2 million and internal investments valued at \$152.6 million to finance its spending.

Another \$450 million, set aside to pay off maturing overseas debts falling due by September, was also spent last year. The Government will now have to borrow the money either at home or abroad. Last year, Shalles said the Government raised \$207 million overseas for the purpose of repaying loans.



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Social: 5.30 — 6 pm  
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Costs include: Morning and afternoon teas, lunch and social refreshments. Seminar notes, pens etc. Travel & Accommodation: Special discounts have been negotiated and if required please indicate on registration form.

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### Registration Form

Reservations close on: 4th July 1979. Please register the following applicants for Dr. Kotler's one day seminar.

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INITIALS .....  
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POSITION .....  
COMPANY NAME .....  
COMPANY ADDRESS .....  
BUS. PHONE NO. ....

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John C. Little



## EDITORIAL

THE Public Service Investment Society, the Prime Minister declared last week, had fallen into the oldest money-market trap in the book - borrowing short and lending long. As a result, it was facing financial difficulties (Rob Muldoon declared it technically insolvent).

But the situation was not to be mistaken for another Securibank collapse, or a JBL fiasco. The PSIS was far from broke. Its basic problem was that most of its money was tied up in property, mortgage loans and so on. Indeed, the PSIS has members' funds of more than \$120 million of which some \$11 million is in fixed assets; and \$50 million on loan.

Thus in essence, Wellington accountant Bob Stannard has been called in to undertake a rescue operation that amounts to a restructuring rather than a liquidating of the PSIS. The restructuring is aimed at making more viable a huge co-operative (the biggest in the southern hemisphere) with a low capital base, but massive funds flowing through.

The consequence of letting the PSIS go to the wall would be socially and financially disastrous. Rescue action had to be taken. It had to be done quickly, and it had to be taken at night, to stop a run by investors. If action had not been taken, there would have been a demand for liquid funds which the PSIS could not have met because of the ways its funds were tied up.

The fact there was a liquidity problem, of course, should have come as no surprise. There has been widespread talk of a run on funds by members seeking to place their money in Government stock (which carries more attractive interest rates). And the PSIS management's attempts to generate liquidity were apparent in the sales of big blocks of shares at below market prices necessitated by the discount price which is standard practice when block sales involve big volumes of money and the transaction requires much more than merely finding a buyer.

The fact that PSIS members could cause a drain on funds and necessitate the liquidating of assets results from the way it operates rather like a bank into which members plough some \$3 million a week. Investments are on call, and depositors can get their money out with little problem.

But there was more to the withdrawals and replacement of investments than a desire by members to get a better return on their money in Government stock. If that was the only factor, every finance company in the country would be in trouble.

PSIS members traditionally invested in their co-operative for a number of reasons, but in recent years would have been disappointed to find the organisation was not satisfactorily meeting the realities of growing competition. But management pinned its faith on the continuing loyalty of the membership and opted to continue the empire's dizzy growth, rather than consolidate and try to take a lead in the marketplace.

Since 1976, when the Government freed interest rates, there have been more attractive investment opportunities outside the PSIS. And in the retailing field, the discount for members' purchases at PSIS shops has been insufficient to maintain consumer loyalty in the face of widespread discounting in other shops.

Restoring confidence will be the most difficult part of Stannard's job. And it is bound to be hampered by members feeling there is no point in investing in something that apparently has turned sour and which can offer nothing that can't be obtained elsewhere.

It may be further undermined by a feeling of betrayal. Management continued to express confidence in its decisions, but provided scant data to support its assertions. Annual reports told little: information pamphlets sent to members have tended to be documents justifying management actions. To the extent members feel they have been misled about their organisation's financial state, their confidence and faith will be that much more difficult to obtain.

Bob Edlin.

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NOT everyone in the National Party caucus is convinced of the need for the Cabinet to have the power to alter income tax rates while Parliament is not sitting.

One MP points out that notice for the special caucus meeting on the PSA affair held at 4pm on Tuesday last week went out at 11am.

Though most MPs were at home—the House did not sit until 7.30pm that day—there was apparently a better attendance than at the usual weekly meeting on a Thursday morning, during the parliamentary week.

The reasoning goes thus: If more than half the House can be summoned within hours to a caucus meeting, is it so impracticable to call the whole House together, even at relatively short notice, to approve any tax changes the Government wants?

DEVALUATION took some bankers by surprise on Budget night even though they with economists and exporters, have been its advocates for the last six months or more.

But according to one account, the Bank of New Zealand was not caught unaware.

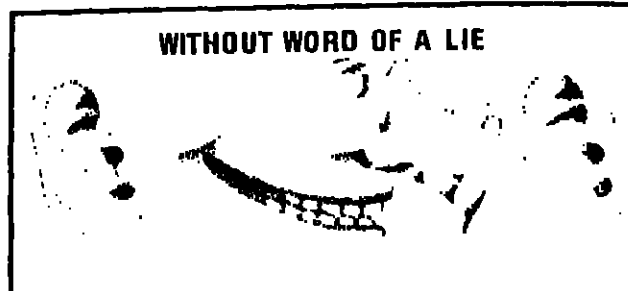
The Government-owned bank, we understand, was surprisingly prompt in getting the message of a five per cent devaluation and the establishment of a forward exchange market to its branches around the world.

So quick that rival bankers suspected a Budget leak.

But officially, bankers are living up to their conservative clanish reputation and last week would not confirm the story.

The least charitable said: "I suppose they could have worked all night to get the information out."

The Bank of New Zealand's quick reaction to Budget news might have gone unnoticed but for the fact a cable containing the information for the bank's



New York office was delivered in error to the offices of a rival institution, according to an NBR source.

WELL what about the workers?

Doing very nicely, thank you.

It may have been a belated celebration for his election as boss of the FOL. But there was nothing plebeian about the wine bill when Jim Knox and a few friends dined at Wellington's Lotus Restaurant the other day.

Knox lunches regularly at the Lotus, one of the capital's classier Chinese Restaurants. And we trust he doesn't infect the trade unions with his gourmet tastes. Would you believe a strike because the staff canteen doesn't run to Peking duck?

JUST to keep our readers abreast of the latest happenings in the battle of the milk bottle versus the cardboard carton — the National Union of Milk Vendors has come down on the side of AHI's bottle.

The milk vendors have distributed a heavily loaded questionnaire to householders.

Should the results of this survey go, as they undoubtedly will, to the National Party caucus committee on milk containers it would pay the committee to read the questionnaire along with the results.

The questionnaire starts with the assumption that

cartons will be the death of home delivered milk, with supermarkets becoming the major outlet.

The questions asked would be a market researcher's nightmare. For example, questions eight and nine run thus: Are you satisfied with milk packaged in glass bottles? Do you want milk packaged in cardboard cartons and plastic sachets at greater cost to the consumer?

With options presented like this, who would dare oppose the milkman and the noble bottle?

One can already predict next month's headlines: "90 per cent of the public oppose milk carton".

LONG delays imposed on anyone trying to do any business with the Civil Aviation Division's airworthiness branch prompt three questions:

• Do the delays result from manpower shortages?

• Are they caused by departmental apathy?

• Or do they arise from the application of good, old-fashioned red tape?

The questions were raised by the retiring national president of the Society of Licensed Aircraft Engineers and Technologists, W. H. Keen, at the society's annual conference in Auckland.

They followed the reading of a letter from a member entrusting New Zealand practice with the speed with which Malaysia's civil aviation airworthiness unit arranged for applicants to take

engineering examinations. On request, said the correspondent, examinations in Malaysia could be available within five days.

Yet, in his own case, he had to wait for two years before he was able to sit a particular examination. And he added: "I will be the first to contribute to a fund for sending some airworthiness chiefs to Malaysia to see how it's done."

SOCIAL Credit's Bruce Beetham, obviously disgruntled that he was given more of the spotlight in Budget night, issued a statement last week that suggested in somewhat extravagant terms that television journalists and current affairs staff had certain political leanings which precluded objectivity.

Broadcasters tend to get a bit excited if you suggest they are nothing but impartial, so news chiefs were not happy. Indeed, they contemplated legal action on the matter, a fact which was relayed to one daily newspaper, who opted to caution some of his colleagues.

And so it was that the Press Association warned subscribers not to use the Beetham statement.

Nevertheless, Beetham's complaint was duly recorded by the Evening Post despite the fact one of its reporters was among those cautioned about the threat of legal retaliation.

WATCH out for a development which would see computers move into the real estate business to match people to houses.

First to offer such a service, not surprisingly, are companies in the United States. And the other day, a company began operations in Sydney. The program can take information from a potential buyer and match it up, as far as possible, to a potential seller.

THE Prime Minister has gazed about almost every other aspect of broadcasting so inevitably it had to be the turn of the board. And so it was that in his Truth column last week, Rob Muldoon raised some early questions about Broadcasting Corporation finances and mused: "I begin to wonder how close to the financial affairs of the corporation some members of the board really are."

He went on to suggest that the road to a sound financial position for the corporation lay in a more realistic approach to advertising revenue including abolition of the two advertising-free days during the week.

That procedure, of course, would need the prior approval of the Broadcasting Tribunal. And the hearing, we suspect, would be long and costly.

But we can only wonder how it is that the Prime Minister's understanding of Broadcasting financial affairs should be so much sharper than that of — for example — prominent Wellington accountant Peter Stannard and Wellington University accountancy department Professor Waihorangi Whiatia.

Muldoon's questioning follows his suggestion not so long ago that maybe the corporation should be headed by a general manager, to improve the handling of financial matters. But it's not so long ago that the corporation appointed as Finance Director Stephen Phillips, a man with accounting experience in Britain and Canada as well as New Zealand. The appointment was made in accordance with recommendations of the Parliamentary Public Expenditure Committee.

Despite all this, the PM observed last week that "... until such time as the corporation budgets realistically, it is unlikely to receive a sympathetic hearing from the public."

We can only conclude that there is but one accountant fitted to the job of sorting out the corporation's financial problems — R. D. Muldoon himself.

Then, no doubt, he can perform for Broadcasting budgeting the same sort of miracles he has performed for National budgeting.

WHEN listening to a world expert on a lecture-seminar swing around New Zealand, as he puts us to rights on the subject of business management, selling, communication, marketing or you name it — the wicked thought

sometimes comes pushing through to the top of the mind: "If you're so smart, why aren't you rich?"

Aubrey Wilson, who is managing director of an industrial market research company in London, is due to lecture to industrialists on the marketing of industrial products in Auckland on July 23 and will follow the next day with a seminar on the marketing of professional services. Similar sessions will be held in Wellington on July 26-27.

Wilson is active in the field of marketing education and lectures for universities and business schools in America, Europe and South East Asia. This is his first visit to New Zealand and he has been invited by the Pacific Consulting Group in association with Massey University and the University of New South Wales.

And, if you're still worrying about the question we posed, Wilson lives in Liechtenstein and is a multi-millionaire.

RIGHT on the heels of an announcement that a union of middle management business executives had been formed, don't be surprised to learn that chief executives themselves are combining in an industrial union of workers. The new organisation is likely to be known as SOB, an abbreviation for Society of Owners and Bosses.

Weston Helm, spokesman and chairman of the steering committee for the group whose existence came to our notice the other day, told NBR: "We are probably the most disadvantaged group of workers in New Zealand. Such industrial actions as striking, going slow or picketing are not open to us. But it is time we were heard."

Helm describes his members as the meat in the industrial sandwich with the forces of Government control pressing from one direction and those of organised labour from the other.

"The result is, like the domestic airline pilots, our morale is suffering and this is compromising our decision-making. We are tired of being called names — how would you enjoy being described as 'tyrannical' or 'inflexible' or 'paranoid'?"

In search of compensatory therapy, SOB will be filing claims for compulsory time off for Wednesday golf (a distinct from the current voluntary system) and an additional one month's vacation at company

expense in either Hawaii or Singapore.

"Unless someone, somewhere, shows us a measure of affection and respect, that's what we're going to do," said Weston Helm.

THE October, 1978, employment information survey showed the Government sector employing 145,722 full-time and 6475 part-time people.

Government corporations employed 18,289 full-time and 801 part-time.

Local authorities employed, 151,292 full-time and 25,390 part-time.

This all adds up to 348,949 Government workers, nearly 27 per cent of New Zealand's 1,305,000 work force.

To this, must be added the thousands employed in quasi-government departments, producer boards, and those private enterprise operations whose sole function is serving Government.

Then there is the anti-bureaucracy — bureaucracy employed by the pressure groups: Federated Farmers, the Manufacturers'

Federation, Retailers' Federation, etcetera.

Not to mention the small army of lawyers employed by private enterprise to keep abreast of, and then circumvent the torrent of legislation initiated by bureaucrats and rubber stamped by Parliament.

WHEN is a Budget not a Budget? When the "fine print" comprises 32 separate statements setting out "further details", issued in four "priorities".

Five press statements were issued on Budget night, under the careful control of Prime Ministerial media man Gerry Symmans.

Priority II covered eight statements, embargoed until noon on Friday June 22.

Priority III had eight statements, embargoed until 1 am on Saturday, June 23. That priority came unstuck, because Post Master General, Ben Couch, released details of new postal charges to the media, before the ordained official time.

On Friday afternoon the embargoed statement became available. It referred to a

Priority IV contained 11 statements, embargoed until noon Saturday, June 23.

No chances in all this of Prime Minister Muldoon failing to "get the message" across because of the doings of the evil media.

But the system proved its own downfall.

Statements were issued without additional vital information, which explained what was going on.

The exports incentive scheme is an example. The reference was made in the Budget. Inquiries to a slimy manned (and woman) Prime Minister's department Press Office elicited the information that all would be revealed on Saturday. Inquiries to a well manned Trade and Industry minister's office, and to manufacturers' representatives, obtained no more facts, but that is understandable as the statements were being released from the PM's office.

There was no explanation on the schedule of notations alongside many of these items, and as a result pressure of deadlines created errors in processing the information.

Similar problems were apparently experienced with other statements, and only overcome through the "beyond normal duty" assistance of private secretaries to ministers.

The next step is to make the Budget a press statement and do away with the formality of reading it to Parliament.

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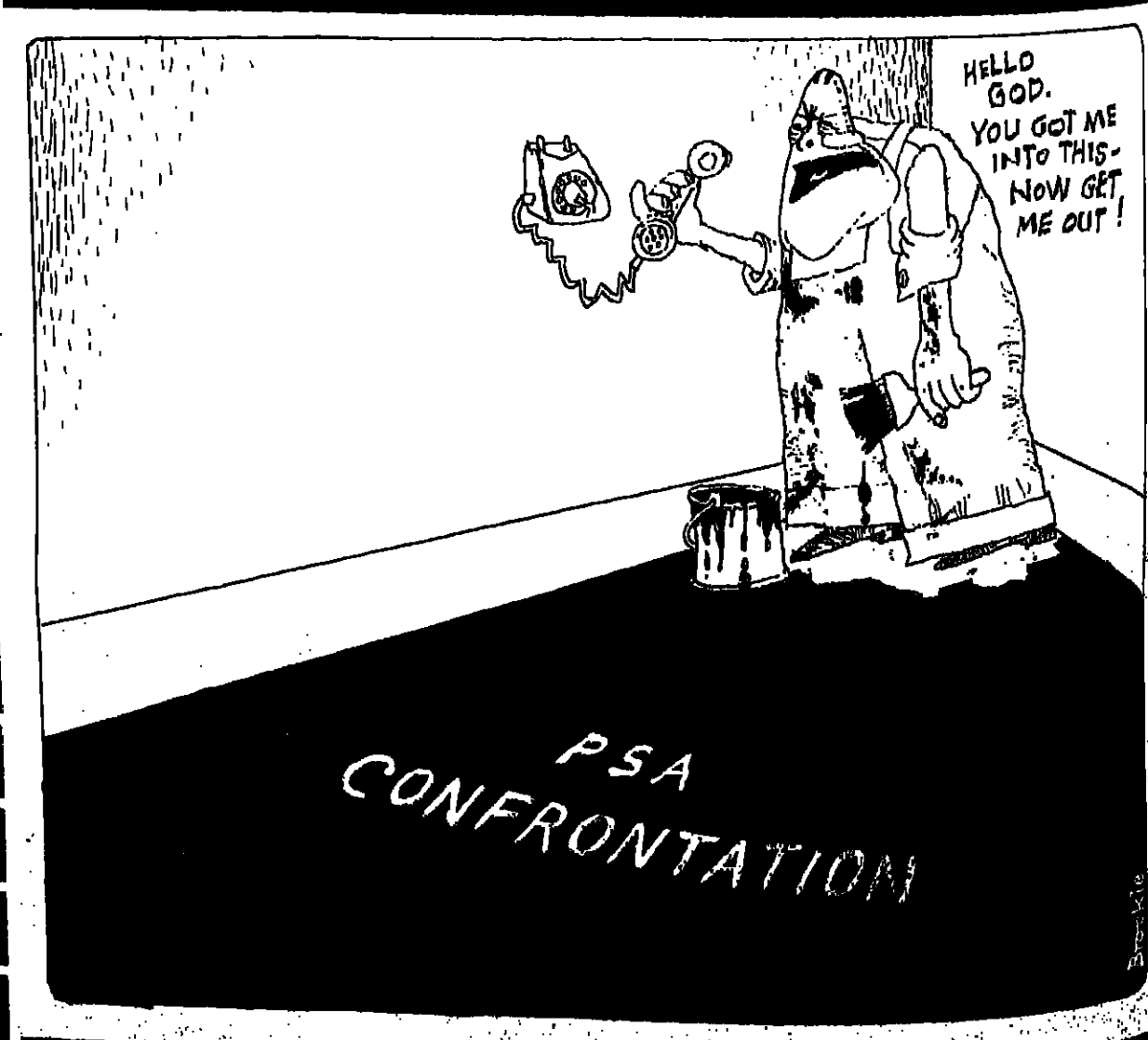
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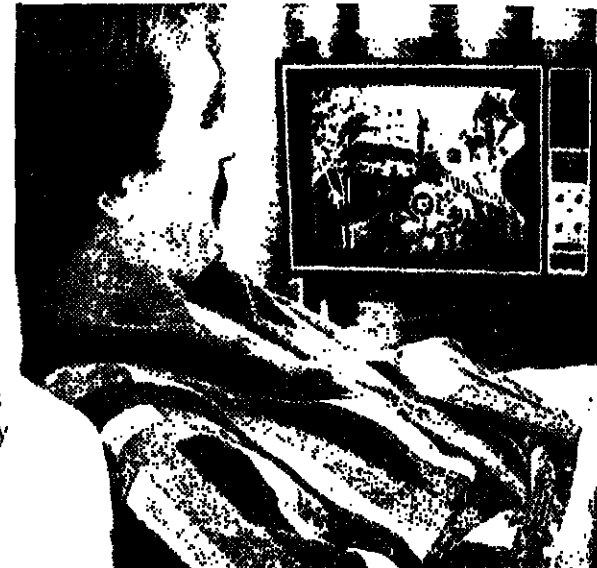
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## Motoring elite scheme draws fire

by John Sloan

"CUT your car insurance costs by 50 per cent" is a sure-fire attention grabber.

This bait is offered by the "Motopak" auto insurance scheme, promoted by the Whangarei-based insurance brokers, Northern International Brokers Limited, and underwritten by the QBE Insurance Company.

Motopak is aimed at a defined section of the motoring public. To qualify, the driver must be over 30 years of age; use a vehicle for private purposes which is less than eight years old; and not have had any accidents in the past three years.

When Motopak was first introduced, the then general manager of the State Insurance Office, Neville Ainsworth, said the State Insurance Office held about half the private motor vehicle insurance market and the office statistics showed that the figures on which the Northern Group was basing its scheme were incorrect.

"Figures taken out by the State Office showed that, over an 18-month period, 74 per cent of the number of claims occurred under policies where the owner of the vehicle was over 30 years of age. This indicates that only a very small number was eligible to join the Northern Group Scheme, which was limited to those who had not had a claim of any kind for three years."

The Motopak brochure says: "... an opportunity for the safe and sensible driver to obtain insurance cover for a fraction of the cost demanded elsewhere... why should you subsidise the irresponsible, careless or accident-prone driver...?"

The insurance cover offered is, however, limited by a number of restrictive conditions.

For instance: "It is warranted by the insured, that the insured vehicle and all the drivers thereof, have not been involved in any motor accident



This could be interpreted to mean no accidents at all. The policy is further limited by the provision — "the vehicle is at the commencement free of dents, damage or broken glass."

One interpretation of these provisions is that the clause applies to a second-hand vehicle bought by a person who was unaware that the vehicle had been involved in a previous accident or buying a vehicle which already had dents and dings from previous minor scrapes.

Under the Motopak policy, this would entitle the insurer to decline any claim under the policy.

Another policy exception says the company shall not be liable to pay for the first \$500 per claim when a vehicle is being driven by any person under the age of 30 years.

This brings into question Motopak's claim of "no excess car insurance."

Even worse is the provision that if the under-30-year-old has been involved in any accident in the past three years, there is no cover under Motopak's policy either for damage to the insured vehicle or damage to other vehicles in an accident.

So any Motopak policy holder who lets an under-30-year-old drive the car, is courting financial disaster if a claim occurs.

Inevitably, many Motopak policy-holders will have relatives and friends aged under 30 who could be driving their cars.

The Motopak policy is also limited to "social domestic and pleasure purposes". This definition apparently excludes use of the car to go to and from work or other business or occupational functions.

NBR phoned a local agent for Motopak, Insurance Associates Limited, in Lower Hutt, and posed a few questions.

We asked the nitty-gritty question first: "What happens when there is a claim? Will the premium go up?"

We got an interesting response: "We're not 100 per cent sure because the scheme is still new. We would probably revise the premium next year. But really we wouldn't want to know them."

We asked: "Aren't you skimming the cream off the market...?"

"Why not? Why should their premiums keep going up to pay for the young bad drivers?"

Motopak's premium is undeniably cheap because it is based on a spread of risk which recognises that some people would be fortunate and not have claims while others would not be so fortunate. Insurance rates are set on an across the board basis, and to take out the good risks would mean an increase in rates for those who are left and this in turn would result in an increasing number of uninsured people on the road.

These uninsured people will still cause accidents as they will mainly be in the younger age groups, will not be able to pay for the damage they cause and therefore the whole theory of the over 30's being a good risk will collapse.

Apart from the State Insurance Office, there has been

little public criticism of the Northern Group Limited, the QBE Insurance Company, or the master agents involved which include International Insurance and Services Limited in Auckland.

Motopak insurers and agents are likely to dismiss criticism from competitors as sour grapes.

But one of the State Insurance Office's complaints can hardly be regarded as sour grapes. The State Office claims the Motopak scheme undermines the very concept of insurance.

According to this argument: The whole principle of insurance is based on a spread of risk which recognises that some people would be fortunate and not have claims while others would not be so fortunate. Insurance rates are set on an across the board basis, and to take out the good risks would mean an increase in rates for those who are left and this in turn would result in an increasing number of uninsured people on the road.

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## Government cuts back overseas funds drain

by John Sloan

The latest Budget's only specific reference to the insurance industry related to insurances placed overseas: "The Government is concerned about the substantial expenditure of foreign exchange on insurance placed with overseas insurers directly or through reinsurance. The Government is not convinced that all of this expenditure can be justified as prudent insurance practice, and it may well be that a greater share of

this insurance could be placed on the New Zealand market.

"The Government will consider various methods of retaining more of this business in New Zealand, including a review of the tax on premiums paid to overseas insurers. Particular attention will also be given to the development of the reinsurance industry, both as a saver and as earner of foreign exchange."

An officials' committee will be formed to report on current Government policy regarding these matters and on the desirability of change.

The problem has been around a long time and the latest figures from the Reserve Bank reveal that the insurance "invisibles" deficit has increased.

In our issue NBR, February 23, 1977 reporting on "Premium Exports Cause Concern", we suggested: "This concern at Government level is undoubtedly the impetus behind recent moves within the insurance industry to reduce the export of premiums and retain as much of the profitable business within New Zealand as possible."

One way this can be achieved is to establish a voluntary scheme whereby insurers operating in New Zealand share more of the business internally before resorting to their overseas reinsurance treaties.

The alternative is for the Government to establish a New Zealand Reinsurance Corporation. This would make it compulsory for a proportion of all insurances underwritten in New Zealand to be reinsured with the corporation.

Once established at a local level, the New Zealand Reinsurance Corporation could be extended to accept risks in other countries from overseas insurers. It would thus avoid becoming over exposed to a catastrophic loss in New Zealand and earn overseas funds at the same time.

This suggestion went over like a lead balloon with the local insurance industry.

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"Women in Trade Unions: A Case Study of Participation in New Zealand" by A. J. Geare, J. J. Herd and J. M. Howells (Industrial Relations Research Monograph No. 6 1979)

"The Changing Environment of Work" Proceedings of a Seminar, 1977

### FORTHCOMING

"Troubled Heritage: The Main Stream of Developments in Private Sector Industrial Relations in New Zealand 1894-1973" by Noel S. Woods

[Occasional Papers in Industrial Relations No. 23 1979]

"Economics of Accidents in New Zealand" by Monroe Berkowitz

[Industrial Relations Research Monograph No. 5 1979]

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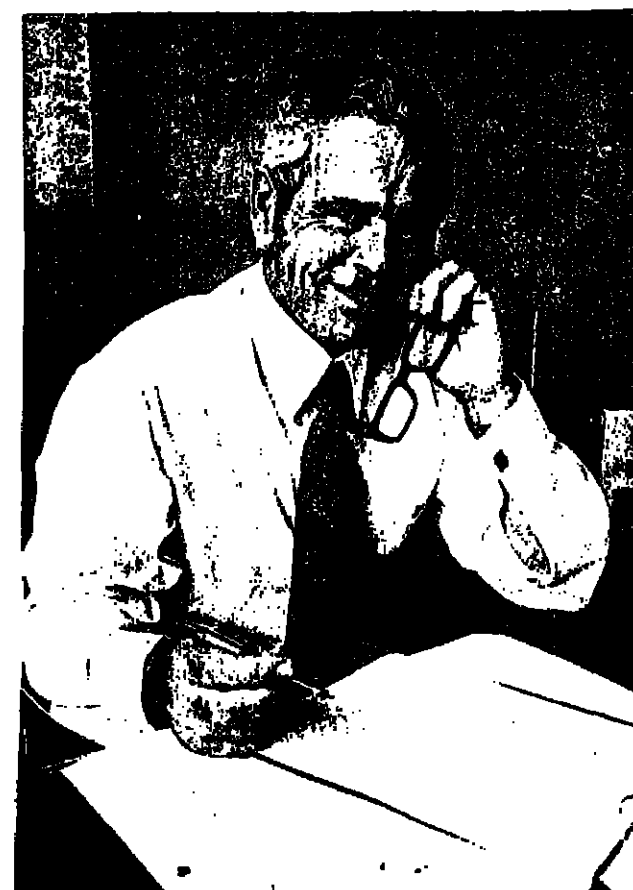
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ERNIE GOULD... fighting for proxies.

## Securitibank investors draw up battle lines

by Warren Berryman

SECURITIBANK creditors will meet later this month to recommend a new liquidator to replace the late Keith Crawshaw.

Creditors will also vote on a resolution put forward by the Securitibank investors consortium requiring the liquidator to join the \$50 million claim against Securitibank shareholders and directors initiated by the Auckland Paraplegic and Physically Disabled Association Inc.

The creditors meeting promises to be a contest between the Securitibank investor's consortium (representing some 1325 creditors) and Government official assignee Ernie Gould.

The battle for proxies has already brought forth a welter of conflicting claims from both Gould and the consortium.

The consortium circulated creditors asking for proxies. Their intention, they said, was to use the proxies to ensure that an independent liquidator

was elected and that the liquidator be instructed to join the paraplegics' action against the shareholders.

This legal action might cost as much as \$500,000 to take it through the courts to the Privy Council, they said.

The consortium's newsletter to creditors said that if the "action against some of New Zealand's wealthiest financial institutions — Government agencies, insurance companies, commercial enterprises, is to have any real chance of getting to the Privy Council it needs the support of the Securitibank liquidator."

As to the possibility of losing the \$500,000 in an unsuccessful suit, the newsletter said, "we are told that unsecured creditors of the Securitibank group total about \$50 million so costs of \$0.5 million represent just one cent in the dollar. The average investor is owed about \$10,000, so his share of the cost of the action would be \$100."

"From unofficial sources it seems that the total dividends to unsecured creditors and this included most holders of

commercial bills) may not exceed 20-25 cents in the dollar, so the average \$10,000 investor may get back \$2000—\$2500 and lose \$7500—\$8000, and we are now suggesting that he commit \$100 in an attempt to recover this \$7500 loss," the newsletter said.

The consortium said it had been informed that Chas Sturt and Ross Carley would be prepared to accept nomination as joint liquidators.

Their task was to investigate the shareholders' involvement in the affairs of Securitibank and determine if the liquidator had sufficient grounds to either join the paraplegics' action or take his own action against the Securitibank shareholders.

It is understood that Gould is likely to nominate Auckland accountant Fred Watson, of Seaman Robinson Shove and Strickland, as liquidator.

If Watson is nominated, the consortium will probably oppose him on the grounds that his firm acted as auditors to two Securitibank shareholders.

This raises the old conflict of interest problem in a small country like New Zealand. The 20 firms that were shareholders in Securitibank were so large that there are few men of ability in New Zealand who were not in some way at some time tied to one or more of them.

The consortium has always maintained that the liquidator must be wholly independent, and be seen to be independent from any involvement with any of Securitibank's shareholders or directors.

This point they say is even more relevant now that the consortium proposes to direct the liquidator to join the \$50 million action against the Securitibank shareholders and directors.

Thus, they oppose Gould, who they say, as a senior

Government servant, might not appear to some creditors to be independent from two large Government-owned Securitibank shareholders, State Insurance, and Government Life.

Gould strenuously rejects suggestions that being a Government servant impairs on his impartiality. At the 1978 creditor's meeting, he stated that he would sue all the Queen's Ministers if it were justified.

The point often made by Gould is that, in his official position, he is acting in the interest of all creditors, not just one group of them.

Government has not refrained from voicing opinions on matters central to the paraplegics' case against the shareholders — even though the matter was sub judice.

Because it is sub judice, neither the press nor the public may comment on the question of the shareholders' liability — or lack of it.

But a Government Minister under Parliamentary privilege has made statements about points now raised in the paraplegics' statement of claim in the court action.

Hansard, of June 18, 1978, records Bert Walker, the Minister in charge of Government Life and State Insurance (both defendants in the case) as saying:

"The key to the action is contained in Section 364 of the Companies Act and section 15 of the Insolvency Act. These sections provide for the recovery of funds from shareholders if it can be established that they solicited funds from the public who they knew their firm to be insolvent. It must be shown that the shareholders knew the firm was unable to pay its debts on due date, and that they willingly continued to solicit funds from the public

This was taken up by the insurance company which advised Securitibank that it would not permit its name to be used. Its name was used once in 1974 and the general manager of Securitibank wrote to the insurance company apologising for using its name."

If the Minister's answer meant that the name of the State Insurance Company was not used in advertisements after 1974, it appears to be wrong.

The names of both Government Life and State Insurance were used in leaflets up to the date of the Securitibank crash in 1974. (NBR, October 18, 1978).

Perhaps Walker wished to point out that the Government-owned insurance office protested at the use of its name.

The Government Insurance Commissioner had 354,146 shares in Securitibank and the State Insurance General Manager 102,068 shares. Between them the two Government-owned bodies had more than 22 per cent of the total shareholding.

As the paraplegics assert in their plea, Government Life and State Insurance could

have called a general meeting and called on the directors to stop using their name in advertisements.

While Walker was making these statements in Parliament about the use of State Insurance's name in Securitibank advertisements, another Government department was busy prosecuting Securitibank for its advertising practices.

Registrar of Companies Brian McLeay (head of the Commercial Affairs section to which Gould also belongs), initiated an action against Securitibank regarding its advertising before that company's collapse.

On June 13, 1978, Mr Justice O'Connell, in Wellington Supreme Court, held that Securitibank's "man in a plane wearing a badge" advertisements were in fact a prospectus, and as such in breach of section 48B of the Companies Act 1955.

Back on the newsletter front

Gould sent out a leaflet to creditors stating: "As there are no matters on the agenda for the meeting of creditors which are capable of allowing the giver of a proxy to direct his representative to vote in a specific way on a specific motion, I have not enclosed a

special proxy form... I do not ask you to give your proxy to me but if you do give it to me I will exercise the vote in what I see to be your interests in any matter dealt with at the meeting."

Gould left no doubt in the creditors' mind that he was not going to vote in favour of the consortium's proposal to direct the liquidator to join the action against the Securitibank shareholders and directors.

"My present opinion, based on considered advice, is that the liquidator should not now become directly involved in those proceedings."

Asked on what evidence he based his conclusion, Gould said he had been advised by his counsel, and said he could not comment further.

Chas Sturt, who has been gathering the evidence for a possible suit against the shareholders and directors, said Gould was now his client and the confidentiality between lawyer and client prevented him from making any statement.

NBR suggested to Gould that a creditor at the meeting might ask him to release Sturt from his lawyer's bond of

confidentiality so that the meeting might hear direct from the investigator whether in his opinion the creditors had a viable case against the shareholders and directors or not.

Gould said if asked to do this, he would not be willing to have Sturt or Watson speak to creditors. "This would open a can of worms that would spread and spread," he said.

Consortium sources said they were concerned that Gould should make a statement about the possible successor failure of the paraplegics' action while this matter was before the court.

They also questioned how Gould could be sure when he had not availed himself of the information held by the consortium and the paraplegics.

Several weeks ago the paraplegics won orders for discovery from the remaining Securitibank shareholders.

This means, in essence, that the shareholders must make available to the paraplegics any information relevant to advancing the paraplegics' case or detrimental to the shareholders' case.

The shareholders may withhold only documents that

came into existence after the court case was contemplated if these documents were drawn up for the purpose of obtaining legal advice.

The Securitibank shareholders must comply by August 1, 1979.

This evidence could be germane to any action against the shareholders and directors. So, the consortium source asked, why did Gould tell creditors he thought the liquidator should not become involved in the paraplegics' action without even availing himself of all the evidence readily available?

Before he died, Crawshaw had been anxiously awaiting the Edgar Henry 9A report being compiled by the Justice Department.

While 9A reports are usually confidential to the Justice Department alone, Crawshaw was promised a copy.

Sturt and Watson, said they were looking forward to receiving the 9A report as they felt it might contain evidence that might strengthen a case against the Securitibank shareholders and directors.

The 9A report has not been finished. But a draft copy of sections of the report has been

prepared. Gould said he had a copy of these sections, but a copy had not been given to his investigators, Sturt and Watson. The liquidator's senior legal counsel, John Towle, also has a copy of the draft sections of the 9A report.

Whether the new liquidator will inherit the promise of the 9A report has not yet been decided. This matter is up to the Registrar of Companies, Brian McLeay.

McLeay said: "The promise was made to these gentlemen in their own names, I'm not in a position to comment on further release of the 9A report until I know who the liquidator will be."

"It has been suggested that we were deliberately holding the 9A report back," McLeay said.

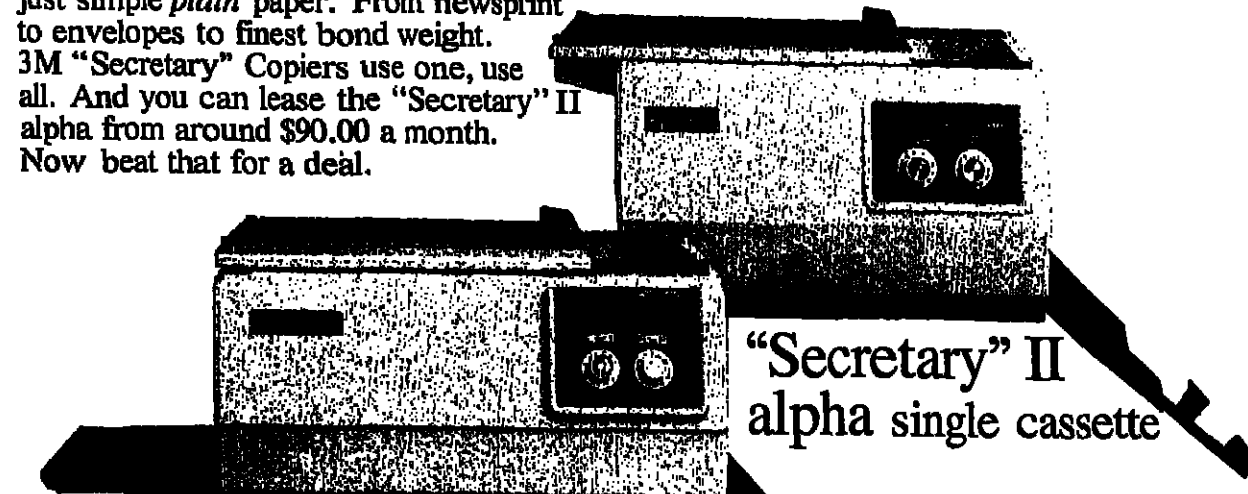
"But the sheer size of the job, together with the instruction that the report be done completely, has been the only cause of delay."

McLeay said "the investigation was being conducted on as wide an analysis as possible. It has been my direction that it be deliberately expanded in areas of obvious contention."

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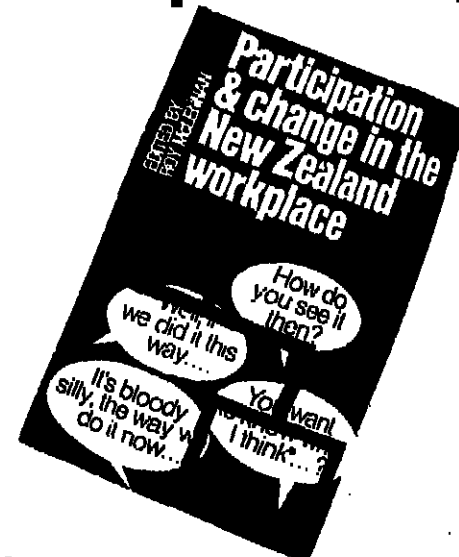
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## Manufacturer bids for international GM deal

by John Draper

COMPONENTS for General Motors forthcoming international car range may be manufactured in New Zealand. Executives at the New Zealand headquarters in Trentham are determining which parts could be successfully made here.

Australasian rationalisation has already favoured New Zealand with a \$8 million investment in plant to produce axle tubes and spark plugs.

Both parts are now exported to Australia and built into General Motors' Holden range. New Zealand sales manager and acting managing director Loring Lyons said the giant American corporation is now designing a world range of cars which might be introduced within the next two years.

The range will rationalise GM's production and subsidiary companies worldwide are tendering for the components.

Lyons said local studies, in consultation with the corporation's Detroit headquarters, are isolating

which products might be manufactured locally prior to putting in a bid.

A multi-million-dollar investment seems certain if the Trentham subsidiary succeeds and New Zealand made components will then be built into cars for Europe, America as well as Australasia.

And Lyons is surprised by a French report which states that the company has been rebuffed by the New Zealand Government in its attempts to specialise productions at plants in Australasia.

"We would like to know what it refers to," Lyons said. "As far as GM New Zealand is concerned I refute the comment entirely."

Lyons says relations with the Government are "cordial" and preliminary discussions about future investment in New Zealand are being warmly received.

Senior Trade and Industry officials were similarly puzzled by the French reference to General Motors.

General Motors' plans are almost certain to find favour with the Government in the Budget ordered motor vehicle assembly review.

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John Draper

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by Colin James

IT WAS being argued last week in Government circles that the Budget, despite its blandness, heralds a ground-breaking change of direction in economic management.

This argument was based on two Budget elements: the changes in exchange rate management to preserve exporters' relative position; the measures to loosen the grip of import licensing.

It was argued that this heralds the way to an economy based more directly on actual export earnings and internal market forces.

In other words, Prime Minister Rob Muldoon had heeded party demands for a

return to the principles of private enterprise and individual initiative.

This enthusiasm was not just coming from those thought to be in the Prime Minister's pocket. It was coming also from sceptical backbenchers who have been pushing the ideological line hardest.

Public endorsement came, for example, from Ian McLean, the MP for Tararua who argued in a booklet last year for a "more market" economy.

In the House, McLean said: "In recent New Zealand history it is a unique Budget, with its emphasis on growth and with its significant change in direction away from

detailed intervention to greater use of market forces.

"I believe that this will be seen from the future as a transitional Budget, the turning point where the New Zealand economy took a different direction.

"The Budget includes significant measures that in time will be great enough to bring about the changes that New Zealand needs and New Zealanders desire."

This was not the immediate message of the Budget. Economists and others saw in it all the hallmarks of the Prime Minister's past Budgets — cautious short-term tinkering, continuing detailed Government involvement and high Government spending.

The general lack of a unifying statement of intent contained in the Budget contributed to the scepticism.

But previously sceptical backbench MPs have seized on a sentence in the Budget as an indication of a major change of thinking by the Prime Minister.

That was on Page 37: "The

aim of this Budget is to set a course which will encourage the reshaping of the economy in a climate in which initiative and enterprise can function more flexibly and freely."

The Prime Minister is a cautious and conservative operator. If he has been shifted as far as a small devaluation and a managed float, MPs say, that indicates a deeper conversion.

Some even see in the move, an eventual switch to an exchange rate that will sufficiently reward export industries so that they can operate profitably without subsidies and allowances and (eventually) the economy can survive without excessive import protection.

The Budget's import protection moves are cited as evidence, particularly the offer of additional consumer goods import licences by tender — "to provide a basis against which their performance (the performance of local industry) can be evaluated."

The Budget enthusiasts say

tendering is an instance of reliance on the market. And it should automatically identify, over a period, the most inefficient industries.

They argue that it is not possible at the moment to remove import licensing in total.

But they see in the Budget, changes, signs of a conversion of the Prime Minister to the principle of eventual reliance on tariffs and greater exposure of inefficient local industry to foreign competition.

They argue that the Prime Minister's change of mind is comparable with his conversion to the principle of flexible interest rates in 1978.

If they are right, then an NBR story on February 7 postulating that possibility will turn out to have been prophetic.

I came across evidence last week that the "conversion" theory has some support in the party outside Parliament.

But my soundings also indicated that there was still plenty of scepticism.

The Government, it seems, has a major public relations

job to do. MPs were settling out last weekend to carry out that task, a mute comment on the Prime Minister's apparent inability or unwillingness to talk long-term language.

No similar reluctance seems to have gripped Housing Minister and Associate Minister of Finance Derek Quigley.

Quigley is widely credited with the key role inside the Cabinet in getting the Budget to go as far toward a freer market approach as it did.

Increasingly, he has been appearing in public putting the case for that approach.

At the party conference in three weeks he and Deputy Finance Minister Hugh Templeton will chair a session on economic objectives.

A few months ago, Quigley was little known in the party outside a fairly narrow group. Over the past month or so an increasing number of party activists have begun to see in him an alternative leader.

His performance at the conference will therefore be watched closely by fellow MPs and delegates alike.

## Foreign investors may score by default

by Rae Mazengarb

TOURISM Minister Warren Cooper's recent policy statements appear somewhat baffling, in view of the Government's stated desire to bolster the tourist industry.

The Minister recently declined to allow the Tourist Hotel Corporation to proceed with negotiations to provide management services at Auckland's proposed 250-room Airport Oaks Hotel.

There's a crucial shortage of accommodation in Auckland — gateway to the country's principal tourist attractions. But the developing company, Davison Developments, must now look around for another acceptable operator.

An overseas company is likely to take the Airport Oaks contract.

But despite the proven need for accommodation in Auckland, (the Tourist Advisory Council's report confirmed a significant shortage of upward of 800 rooms there) and the inability so far, of our private sector to fill the gap, the THC must keep out.

Cooper's reluctance to allow THC to expand its management operations outside the "national park style of environment" may be in tune with National's reaffirmation of private-entrepreneurial principles, of course.

... there is no suggestion that the Government is going to cut back on existing roles the THC has got", he told Hospitality recently, "but there is certainly no inclination in my mind to let them move — as they possibly felt they could have moved under the attitudes expressed by the last socialistic government."

The last Government was the one from 1975 to 1978. And the last Minister of Tourism was one Harry Lapwood.

In 1977 he directed that "the corporation's role is:

• To administer the corporation hotels and other facilities efficiently and economically, with the objectives of maintaining profitability, the capacity to earn overseas exchange and to participate in the overall development of New Zealand's tourist industry;

• To recommend to the Government the development by the corporation of such accommodation and facilities as appear necessary to meet tourist needs not catered for by private enterprise..."

If we interpret it correctly, this means the corporation's role is to administer facilities efficiently, economically and profitably and thus participate in tourist development and recommend to Government the development by the corporation of necessary facilities not catered for by private enterprise.

But Cooper seems to have taken a narrower view. According to THC's last annual report: "Because it has few highly profitable units and no metropolitan presence, the corporation is particularly vulnerable to market influences."

"THC is unable to significantly vary its sales or visitor mix, and market downturns or changes in travel patterns can substantially affect its operations."

The report warned: "The corporation's directors believe that the short term will not see any significant upsurge from our main market areas, and the shortage of hotel accommodation in Auckland will continue to limit the flow of visitors to other areas. These factors are likely to adversely affect the corporation's results in the coming year."

It seems highly unlikely — for the moment — the corporation will operate as a profitable chain in line with the Lapwood directive, since its vulnerable areas are lower occupancy and higher costs.

To give a balance, there needs to be added strength at the gateways. This strength is not catered for by private enterprise, and there's no sign of a willing New Zealand private concern.

So if Cooper doesn't intend to cut back on the roles of THC, how will he allow the corporation to develop?

"There are parts of New Zealand where the private sector would not be involved, quite frankly. I don't think they would make a profit at Milford Sound, for instance."

Plainly, the Minister feels the THC's role is to operate only where it will make a loss, and leave Auckland, Wellington and Christchurch to the private sector.

But if there are no New Zealand companies to take up the slack and move in on contracts such as the Auckland airport one?

Cooper has frankly admitted he's not too much opposed to overseas management.

It looks curiously as if Cooper favours foreign-owned private enterprise reaping tourism's profits, to be shipped abroad, on one hand, and a home-grown public enterprise being run down or bailed out by the taxpayer as it generates bigger deficits on the other.

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## NBR SHAREMARKET SURVEY

According to the Budget, the radio and television, footwear, glassware, rubber products, motor vehicles, starch and margarine industries will also be investigated "within the same time frame", namely June 30, 1980.

That may be the intention. In view of what has happened so far in industry studies the investigators are wished the "best of British" in keeping to the timetable.

and tourism (TNL Group) receive incentives falling within different bands, subject to the "self assessment" procedures to be adopted when the new scheme comes into operation.

The scheme may be reasonably clear-cut from the viewpoint of the companies earning the incentives, but will aggravate the problem of unevenness in calculating the likely profitability of public listed companies.

But investors should be thankful that there are only two companies whose activities are solely in the leather industry (S&L Light Leather Ltd and W Sutherland & Co. Ltd), while Mair & Co, Wilson Nicoll, four meat companies and Fletcher have interests in this business, they are relatively small when compared with the total business mix.

Products of the tanning industry, (whether cattle leather, sheepskins, or leather goods and leathers)

Finally, the total investment in the scene will be further confused by the need to allow for the

devaluation and the "crawling peg" exchange rate system, those exporters who have sizeable overseas loans. Wellington broker, R A Jardine & Co. produced tables com-

comparing export income and overseas loans for a range of companies the day after the Budget, an impressive effort when account is also taken of the rest of the firm's analysis.

They show that investment strategy in future will become more complex than usual.

**Page 6 has the answer for the business traveller**

**NBR / NZUC SHARE PRICE GRAPH (Base 1957 = 100)**

Month	Share Price (Base 1957 = 100)
May 78	310
Jun	320
Jul	325
Aug	320
Sep	325
Oct	325
Nov	315
Dec/Jan 79	325
Feb	320
Mar	330
Apr	345
May	335
Jun	330
Jul	335



# PM pitches taxation without representation

Economics Correspondent

PRIME Minister Rob Muldoon wants taxation without representation. He did not quite put it that way in the Budget. He said: "The effectiveness of our present policy instruments would be improved if the Government was empowered to reduce income tax rates when the House was not in session."

But give a politician a centimetre and he takes a kilometre. So will the actual empowering legislation provide the Government with the power only to reduce taxes? Doubtful.

As the Prime Minister says himself: "I have often stressed the need for flexibility and for frequent adaptation of policy if the New Zealand economy is to be kept on a steady course in the face of the great uncertainties which currently characterise the world economy. At present it is possible to vary fiscal policy by reducing or increasing

taxes only while the House is in session.

Authorisation for fiscal measures can be obtained by recalling Parliament when it is not in session. But the Prime Minister does not think this is good enough and wants to be free to exercise "more flexible and precise policy responses" for changing circumstances.

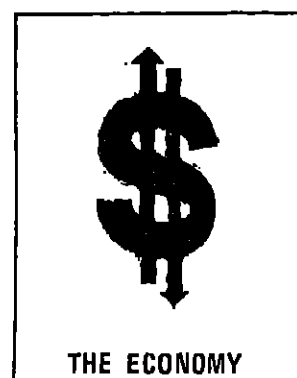
Certainly, in a country as small as New Zealand it should not take long to get together a quorum in Parliament. Twenty-four hours at the most.

Is the economy so fragile that the Prime Minister must be able to change tax policy more quickly?

The mind boggles. Imagine the Prime Minister waking up in the middle of the night after a bad dream about economic growth slowing down, business confidence falling, and retail trade turnover decreasing.

The first thing he will do, is call the NZPA and announce an immediate reduction in taxes.

That would make for a pleasant awakening for the rest of the population. The only people who would be furious



with the Prime Minister would be the morning newspapers who did not receive the news in time to print it in their papers.

But the public's response would not be so good if in its nightmare, the Prime Minister got the sudden inspiration to increase taxes.

From the very beginning, one of the main functions of Parliament has been to represent "the people" in matters of taxation and appropriation.

The Americans fought a war for independence because of

taxation without representation.

Now, with a stroke of a pen, the important right for taxation measures to be brought before Parliament for approval will be given away.

It does not even make sound economic sense. While it may be more effective for the Government to vary income taxes more than once a year, it would not be effective for it to vary taxes too often.

For one thing, the economy would soon reach a point where it would be difficult to tell whether we were coming or going. Economists argue that the time lag involved in introducing new tax measures makes fine tuning more destabilising than stabilising.

Simply, there are three lags involved—a recognition lag, a policy lag and an outside lag.

The recognition lag is the lapse between the need for action and the realisation that such action is necessary. One of the main reasons for this lag is the lack of up-to-date information.

Information about the amount of tax that has been

collected by Inland Revenue, for example, tends to be at least a month behind. Since other persons and companies pay the bulk of their tax in September and March, it is difficult to know how they are responding to economic conditions or to tax changes much before November or May.

The second lag is the policy lag. This is the lag which is worrying the Prime Minister. This is the time it takes for Parliament to approve legislation for a policy change.

Certainly in New Zealand, where the Government has a majority and can be almost certain of getting legislation passed, this lag should not be too great. In fact, of the three time lags, this is the shortest.

Finally, there is the outside lag—the period between the execution of fiscal policy and the time its effects on the economy are felt. Work overseas shows that at least 75 per cent of the ultimate effect of a new policy is felt in the first year after the initiation of the policy.

In New Zealand, where the balance of payments has a major influence on economic

activity, the response to new policy may be longer.

Probably the most important lag to overcome is the information lag. Research indicates that any government must be able to forecast six to nine months ahead to be able to design intelligent fiscal policy.

It is unclear whether or not the present Government forecasts at all.

A case can be made that it is better to make small discretionary policy changes, than a lot of large ones. But success in this area depends on understanding how the economy works.

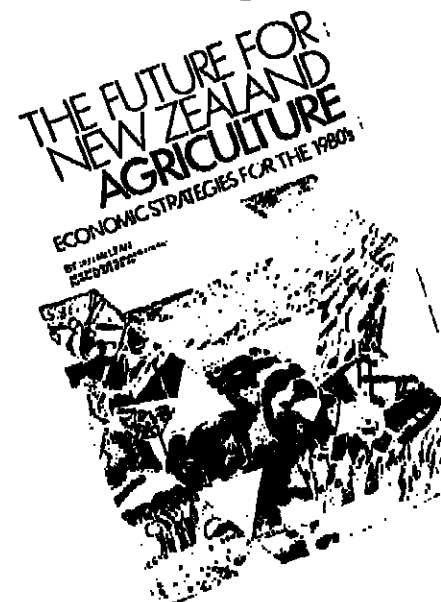
To date, the Prime Minister has not shown a clear understanding. His fancy footwork has added to uncertainty, which in itself can have a bad rather than a beneficial effect on the economy.

And for those who think fancy footwork is good for the economy—well, remember the sales tax increases introduced on May 17?

The taxes were so badly thought through, that the Government had to withdraw the tax on backyard boat builders in the following week.



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# Farmers resist union mustering of farm hands

by John Draper

FARMERS are resisting a mustering of members by the Farm Workers Association as it attempts to grow into an industrial union.

Already there are murmurings in the farmers' ranks, that the union they helped sponsor, is developing too much muscle.

The association is lean, with fewer than 3000 members spread over the whole country. Since 1977, it has been campaigning with only a few successes for farmers to deduct the association's membership fee from their farmers' pay.

Farm workers who do not want to join, apply for an exemption certificate. Federated Farmers, which helped give birth to the association, strongly opposes, such a move. Conciliation has broken down on the point.

The Agricultural Tribunal, part of the Arbitration Court, will now sit, in the next weeks to decide the issue.

Farmers view the move as an attempt to make association membership compulsory, infringing on the voluntary nature which they intended it to have.

They are also reluctant to become a debt collecting agency for the association.

By contrast, Federated Farmers—the farmers' union—receives a compulsory levy on all carcasses passing through freezing works regardless of whether the individual farmer is a member.

Farmers admit to being worried by the growing trade union nature of the association and the force with which it is beginning to push wage claims.

It has just won a 7½ per cent pay rise.

Association secretary, and



only full-time employee Wally Whistle, says the controversial clause is aimed at overcoming the apathy among farm workers.

"Every farm worker should be a member, but if they do not want to become a member they can write to us and get an exemption certificate," he said.

The association's potential membership is 20,000.

The \$10-a-year membership yields \$28,000 and in the last financial year the association made a surplus of \$1200.

Farmers hurriedly helped

bring the association to life in 1974 when the Labour Government proposed an amendment to the Agricultural Workers Act which would have made union membership compulsory for farm workers.

Then the Workers' Union was trying to sign up farm workers.

Whistle says the association is no longer directly threatened by takeover, but needs a strong financial base to become viable and provide a service for its members.

The association is also annoyed that its small paying membership is effectively working for all farm workers, not only winning pay rises but negotiating retirement home loans with the Housing Corporation and looking after farm workers interests before statutory bodies and authorities.

Its widely dispersed membership—"you need a 300 kilometre drive into the back-country to sign up one or two members," Whistle said—is the problem.



COMPULSORY MEMBERSHIP... attempt to overcome farm workers' apathy.

And in many ways, the farm workers are more conservative and anti-union than their employers.

The association's Canterbury branch resisted the compulsory membership levy unless exempt clause, for over a year before agreeing to it.

Though the immediate threat of takeover from the Workers' Union seems to have receded, the Public Service Association is making overtures to workers on Lands and Survey farms.

The PSA is being backed by

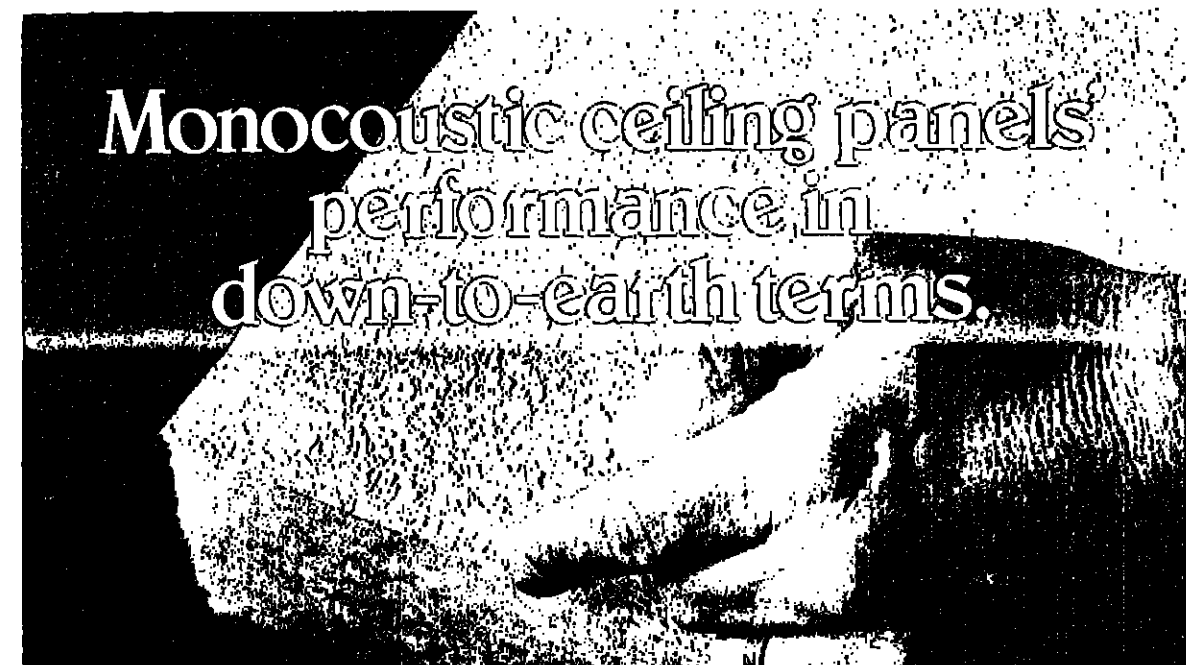
the Workers' Union, and both regard the association as a farmers' stooge.

Whistle can see the pressure helping the association. "It is not a bad thing for an organisation to have some sort of threat to urge them on," he said.

But if the association fails before the Agricultural Tribunal, a merger with the Workers' Union may be a strong possibility.

Executive members of both organisations are considering the step.

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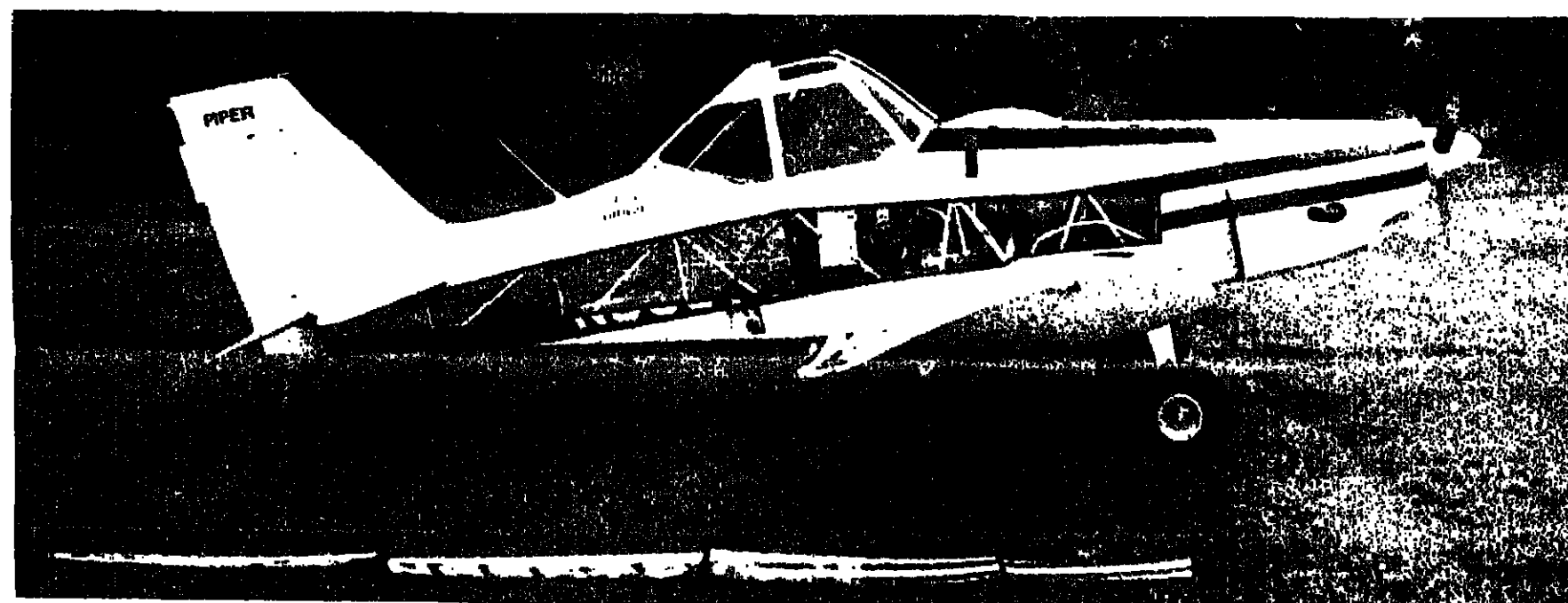
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**MORE AIRPLANE  
FOR THE DOLLAR**

by David Robie

TONGA plans to push ahead with its own fledgling commercial fishing venture in defiance of efforts by Japan and Taiwan to woo a share of the potentially rich fisheries of this tiny South Pacific kingdom.

Tonga's Fisheries Ministry already owns two longliners, two skipjack tuna boats and a third longliner worth about \$1 million is on order from West Germany.

A small freezer has been set up in the more northerly island group and there are plans for an European Economic Community-financed 200-tonne modular cold-storage plant at Nukunono.

The tuna catch rate is very high here and the prospects for the country's fishing industry excellent," says fisheries director Bill Wilkinson.

About \$850,000 worth of fish was caught last year, excluding the haul of subsistence fishermen. And although only a third of this was sold on foreign markets, it was significant considering that country's total exports amounted to over \$4 million.

Wilkinson said the fishing industry will develop into a major earner for the kingdom and rival agriculture as a potential means of reducing dependence on foreign aid.

"The future for pelagic fisheries looks tremendously bright here and there is good potential for snapper on the

shallow shelf surrounding the three major island groups in Tonga," he said.

The fact that Tonga is the only small island nation in the South Pacific developing a longline industry is particularly attractive to the Japanese who find it increasingly difficult to find crew for the unpopular longliners.

"Tongans prove ideal longline fishermen as they are tough and able to put up with arduous conditions," he said.

Taiwan — one of the few countries having an embassy in the kingdom — and Japan are jostling for a chance to muscle into the new 200-mile economic zone.

Japan has dumped shipments of canned fish in the kingdom and last year it handed over a fisheries research laboratory worth about \$1 million as a gift.

Wilkinson was among those who initially opposed the laboratory on the grounds that it was not much use in a developing country without staff to run it.

And he believes it was given as a "softening up" move to boost Japanese influence in the small nation.

"It was given to us too early to really be of use," he said. "We don't have the technical staff able to run it as a full research centre."

"However, it has been in full use since it was opened last October — as the fisheries headquarters." (A New Zealand scientist has used it as a base for research into clams).

Japan has a keen interest in pearl culture in the region.

This is probably the real reason behind the gift of the laboratory (it was actually offered initially to the Solomon Islands and then Fiji turned it down).

If the Japanese get a fishing concession in Tongan waters they could spawn oysters in the laboratory and cultivate them in the shallow shelves off the islands.

The Tesaki Pearl Company has proposed a 10-year project to the Government but officials

have not been in any hurry to make up their minds because the firm seeks exclusive rights to Tongan bays.

Taiwan, while also seeking fishing rights, is pressuring the Tongan Government with a much lower profile than the Japanese.

It is ironic that Tonga declared in 1887 territorial waters that corresponded roughly to the 200-mile economic zone of today. This area was never recognised by

the maritime nations. Tonga has been setting up a marine park — the first in the small South Pacific countries — and a handful of little islands totalling about 400 hectares plus a wedge of coast on the main island Tongatapu have been earmarked for this.

Tongatapu's lagoons are also being included.

Tonga became one of the last nations in the world last year, to ban the killing of the endangered humpback whale.

Considerable resistance to this had delayed the move because it was a traditional way of catching meat for one group of Tongans and few whales were killed.

The Tongans used small boats and harpooned by hand. Only 12 whales were killed last year but they were all lactating cows and calves. This factor finally forced through the ban with only 5000 humpback whales estimated to be surviving in the world.

## Plant exporters promote kiwifruit rivalry

by Wayne Brittenden

THERE'S no telling how long New Zealand's \$10 million-a-year kiwi fruit export market in Japan will hold out, now that the plants which some enterprising New Zealand exporters sold the Japanese are bearing fruit.

Already Japanese growers have exported three containers to another New Zealand market — Britain.

And while soil and productivity are not up to Te Puke standard, no one quibbles about the quality of the Japanese kiwi fruit.

In time, the whole \$40 million or so export market for the New Zealand fruit may be in jeopardy — and certainly the future of the Japanese market is a little shaky.

The arguments offered by plant exporters — mainly that the rapidly growing market has enough room for Japanese growers as well — does not stand up to scrutiny.

They say it's seasonal and that the Japanese growers will provide the fruit when it's out of season in New Zealand.

But it's precisely the seasonal, exotic nature of the imported fruit that has made it such a big hit with the novelty-crazy Japanese.

When the fruit is produced in Japan — and probably available most of the year when storage facilities improve — it might be difficult for the original New Zealand product to get much of a look-in.

While it appears that the Japanese kiwi fruit experiment is not 100 per cent successful, and many plants have been lost, it's unlikely that New Zealand officials would be shown the most encouraging results.

As one New Zealander concerned with the problem commented: "We just have to hope our luck holds out and that the Japanese growers continue to have problems in

the future."

New Zealanders living in Japan have been astonished at the exporting of the highly-acclaimed native fruit plants.

There seems no reason why efforts to market other fruit, like tamarillos, passion fruit and fojos, mightn't also be thwarted by zealous plant exporters stimulating similar competition within the export market.

During May the trade commission at the New Zealand Embassy in Tokyo held two well-attended press conferences on kiwifruit. This was the latest in a long and successful line of moves within a seriously limited budget that have established kiwifruit as a household name in Japan.

That this market can be eroded for short-term foreign reserve advantages is incomprehensible to many in Tokyo.

Arguments about free trade and horticultural exchange do not make much sense either, it

was not so long ago that New Zealand explored the possibility of producing the lucrative Japanese musk melon, which sells for up to \$100 in Tokyo.

Predictably, officials were not the slightest bit helpful in permitting potential competitors to get hold of the seeds.

Now that New Zealand has turned the Chinese gooseberry into an internationally sought after fruit, it has begun encouraging competitors.

In this Gilbertian situation, the nation that has tried to promote a "get tough" image in matters of trade with Japan, has not only provided would-be competitors with the plants, but also with a ready market resulting from years of research and sales promotion.

Wayne Brittenden is Radio New Zealand's correspondent in Tokyo.

## Maui vies with Sydney opera house

by John Draper

SYDNEY'S Opera House and the development of the Maui gas field seem to have a common factor — infancy for rising costs.

Maui is already costing twice as much as was estimated in 1975 and the final bill is expected at least to be double again at \$1 billion.

As yet, there are no proposals for using a Sydney styled lottery to pay for the development costs while the world's fourteenth largest gas field remains virtually unused.

But Maui Developments Ltd hopes to bring some of the costs under control with a single contract for a diving and service vessel.

The consortium, jointly owned by Offshore Mining Company Ltd, and the Shell BP Todd Oil Exploration Company, declines to estimate the dollar savings of the combined contract.

Maui chairman Sir Arnold Nordmeyer told NBR that substantial benefits should accrue from the efficiency of the team carrying out the work.

Dollar savings are the ultimate objective but Nordmeyer says "Maui has no

benchmark from which to evaluate the difference".

Downtime caused by the rough seas off the Taranaki high has been one of the big problems plaguing the development.

One complete winter was lost at an estimated cost of \$42 million. And downtime has ranged between 40 and 75 per cent of the time since the platform arrived on site.

Even the Blue Whale, one of the largest crane ships of its type afloat with a 2000 tonne lift capacity has been unable to work in the rough swell which rarely subsides.

The Stena Seaspread, a 112 metre multiple services vessel equipped with dynamic positioning capability will arrive early next year to take over from the Pacific Installer.

Sub Sea International Ltd an Aberdeen-based company owned jointly by British Petroleum and Overseas Drilling and Exploration Company will do the diving work.

Stena Line AB, of Sweden, is the main contractor having won the order for an initial two year period (renewable as required), ahead of 21 other bidders. Over five years, the time given in the tender

document, it is understood the contract will be worth \$70 million.

Maui Developments made detailed "enquiries" for a semi-submersible support vessel last year but decided not to proceed because of the high cost.

With downtime costing \$50,000 a day on the Blue Whale and Pacific Installer, Maui Developments saw a semi-submersible capable of working in rougher conditions as a promising alternative.

But the high cost of mobilising and demobilising such vessels plus a higher day rate made them unattractive as a long-term support vessel.

Maui Developments is now hoping that the Stena Seaspread's dynamic positioning equipment will enable it to work through some of the worst conditions and that its downtime will be no worse than the 50 per cent average of its predecessors.

Much of the work will be maintaining and certifying the Maui A platform as well as removing surplus piping used to sink the rig on its present site. One of the first tasks will be to complete the job of welding sacrificial anodes to the legs to stabilise the platform.

Besides providing a base for the diving crew, the Stena Seaspread will also be a fire-fighting and rescue ship. Canteen staff, seamen and riggers on board will be exclusively New Zealanders but the big money earners, the divers who can make \$1040 a month plus \$200 a day while below the surface, will be mainly employed from overseas.

Up to a half the diving crew may be locals, but Sir Arnold says, it may drop to as low as a fifth for specialist work until more New Zealanders are trained to do the work.

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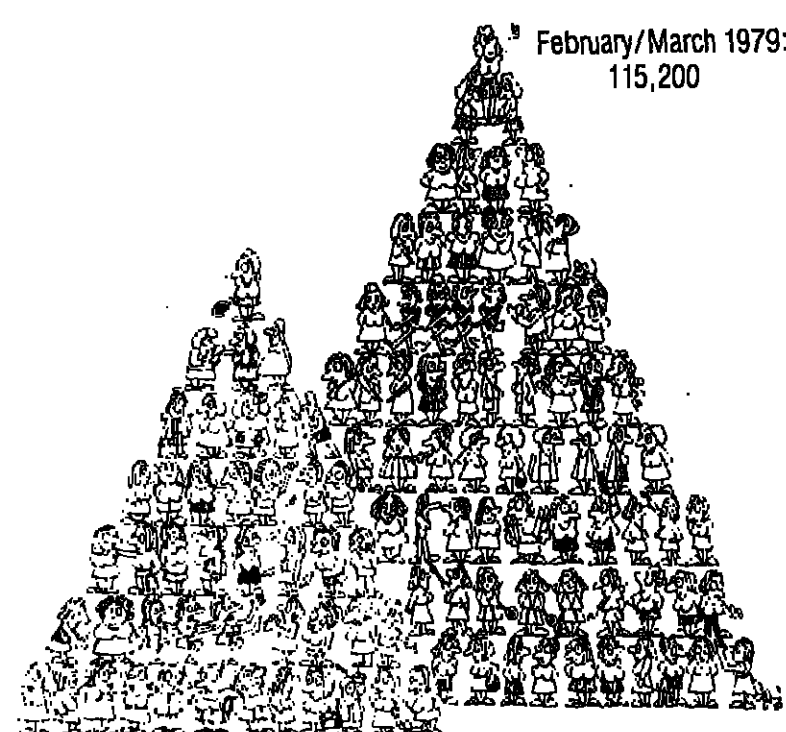
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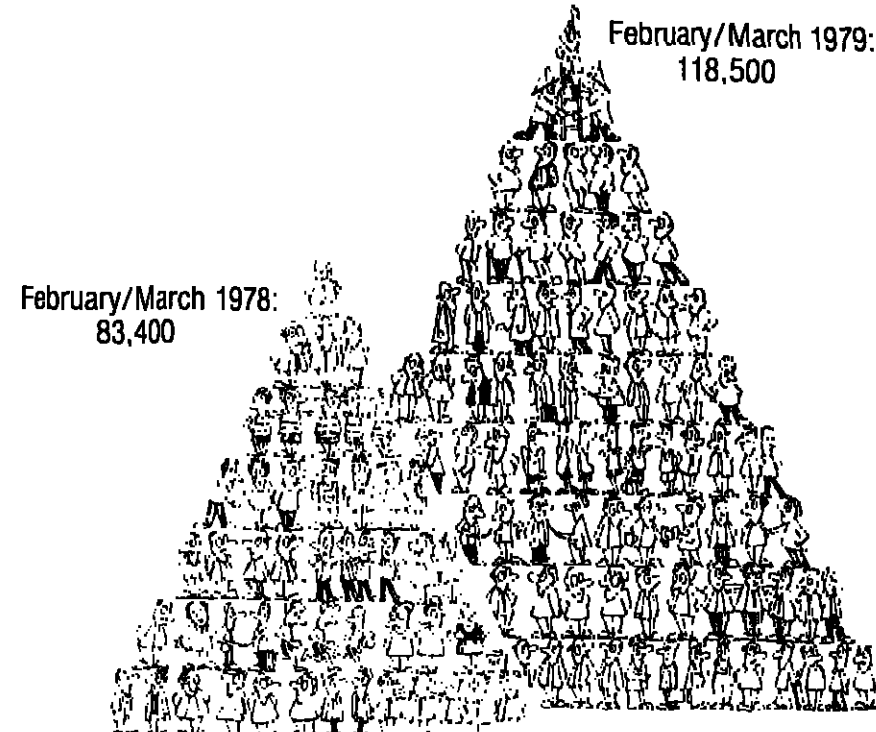
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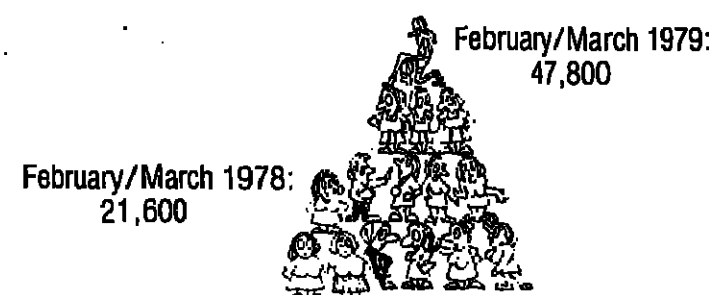




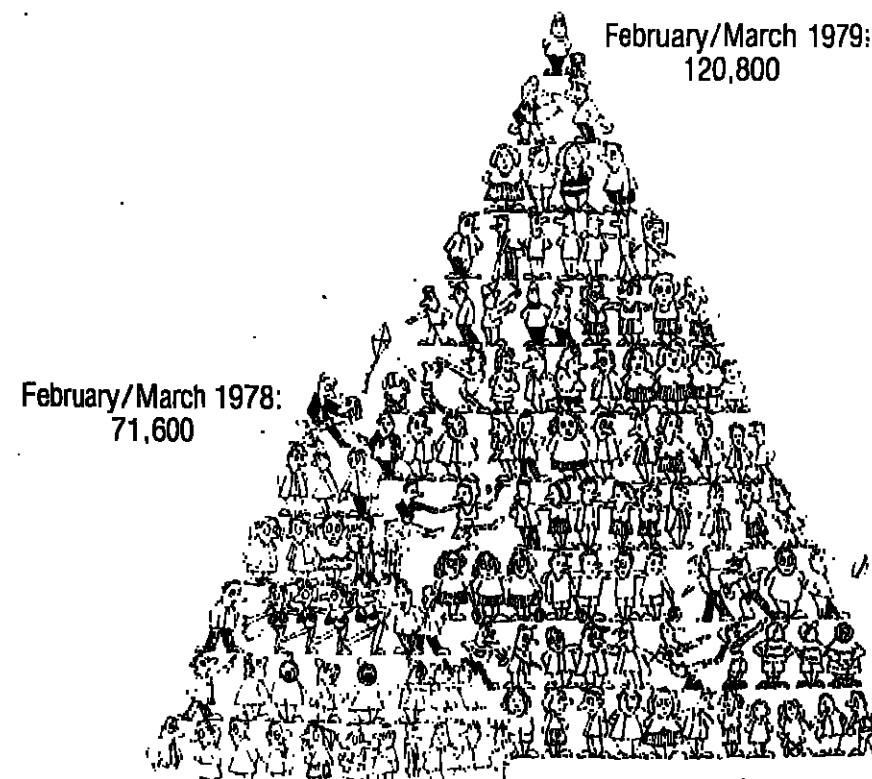
Zone 1: 6-10pm: Females: 20-54 years.  
Average thousands.



Zone 1: 6-10pm: Males: 20-54 years.  
Average thousands.



Zone 2: 5-6pm: Females: 20-54 years.  
Average thousands.



Zone 2: 4.30-6pm: Males/Females: 10-19 years.  
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Men 20 - 34 Zone 1 for \$2.66 per thousand.  
Males and Females 10 - 19 Zone 2 (Fixed Programme) for \$1.29 per thousand.

 **SOUTH PACIFIC TELEVISION**

### Agency enters perspective

FOR an advertising agency to play host to a multi-media exhibition doesn't appear to be all that way out... except, as on this occasion, when the media are fine art and photography.



JIM BELICH...honours colleague.

Academy of Fine Arts in Wellington. Inglis Wright invited clients and friends to an evening viewing. One of the reasons for the function, managing director Jim Belich explained, was to honour a colleague, senior executive Brian Enting, who was one of the exhibitors. Agencies were part of society, Belich said, and his company was happy to support the unspoken theme of the exhibition — preservation of our natural environment.

### The distaff side of staffing

"THE advertising industry suffers from a shortage of well trained young people and has only itself to blame," said Ogilvy & Mather's managing director, Martyn Turner, at an SAE meeting recently.

"We have to have a regular intake of young people and give them thorough on-the-job training for we need people with developed skills whether they be males or females," Turner said.

He could see no reason why women should not equal men in number in the agency business. At the Auckland Technical Institute, for instance, more than half the young people being trained in advertising were women and though for years it had been difficult for women to get into the advertising business, that time had passed.

Quizzed by Admark on how closely this philosophy was carried out in his own company, Turner said that half the staff in Wellington were women and its Auckland office was approaching a similar proportion.

"There is absolutely no distinction in our organisation and the same career path is open to men and women," he said.

"Probably unique in our whole international organisation, is a woman occupying the post of New Zealand financial manager."

As well, we have women not only in studio and art director roles, and in media, but three account service executives as well.

"They handle normal broad spectrum accounts and, in fact, the Wellington account which you could describe as female marketing orientated is handled by a man."

"Sex qualifications are not important in this business," said Turner, "but skill qualifications are."

### New voice for tourist industry

TO ANYONE connected with the business of publishing a periodical the words "volume one number one" are a numbing sight.

The words themselves are a challenge to the future. Will there ever be a "number two", let alone a "volume two"? Or will this issue be a collector's piece one day, the first in a long and successful publishing history?

"Destination New Zealand", the new voice of the New Zealand tourist industry and official journal of the NZ Travel Association, embarked on a global voyage in its first June-July issue recently.

Of its 17,000 circulation, 15,000 are directed to travel agents and bureaux around the world and 2000 are for New Zealand consumption. It is to be published every second month.

The bright, informative and colourful presentation of the country's tourist attractions in the this first issue should ensure its continuing success in an important role.

"Destination New Zealand" takes over from where 'New Zealand Holiday' left off last June," said Ian Macfarlane,

managing director of Baranduin Publishers Ltd.

"The timing of the first issue has now turned out to be felicitous, coinciding with a Budget announcement that provides fresh emphasis and incentives for the business of tourism."

A 16-page tabloid printed on Kinkell paper in full colour by the Nelson Mail, the magazine is well supported by advertisers who, in this type of publication, provide a service to readers as important as editorial.

Baranduin Publishers, Waimoniata, are responsible for no fewer than a dozen periodicals, some of the house magazine type, and including a weekly suburban newspaper, the Education News, and publications for the Wellington Harbour Board and Wellington City Council.

### Soundly successful

The class of advertising psychology students will please pay attention to case study BASF and in particular, the television commercial, "Dear John".

The product. The product is a magnetic tape sold in blank cassette form for the purpose of home recordings. This



product, like the photographic film, is an inert plastic material which has market value in its new and original form but has no commercial value when used. But, like film, when used to record an image, in this case sound, it acquires an inherent value with intense subjective correspondence with its owner. Note that the product is merely a receptor or vehicle and is more valuable to the owner after use than before.

Sales strategy. It must be obvious that it is important to show what the product does rather than what it is, and so a demonstration is indicated. The class will also observe that the only important claim that can be made for the product is that of superior reproduction. As the demonstration will be made on television which employs superior FM sound reproductions, the demon-

stration can hardly fail. The commercial. The scene shows a section of American soldiers, resting and relaxing. A young soldier is about to play a cassette which he says is a message from his girl friend. He is ecstatic with anticipation when a song begins but his expression changes to one of despair when he hears the words of the song "Dear John", which as all students know, is a declaration of the renunciation of a previous status. The commercial goes to pack shot and sell, then back to location shot as the hard-bitten sergeant says, sympathetically, "Play it again, John".

The commercial is in both 60 and 30 second versions.

Sales result. Let us record for the purpose of this exercise that the commercial is an outstanding success. For that statement we have the authority of Graham Mal who is New Zealand sales manager, Magnetic Products Division of BASF. "The dealer reaction has been fantastic," said Mal. "There has been a great demand for the poster based on the commercial and stock has been moving off shelves at a satisfactory rate. This is our new premium tape manufactured in New Zealand to German standards and the sales impetus is reflected in other lines. I gave the agency a

free hand and they responded."

The agency. The commercial was produced by Colenso, Auckland, and for the record, again, the creative concept and script were by Roger Britten and Doug Moroney, musical arrangement by Murray Grindlay, vocal by Jaquie Fitzgerald, filming by Tony Williams with Colenso's television producer, Bruce Smythe.

Questions. The following is your set work based on the preceding briefing. Given the precept that many successful television commercials rely on viewer identification with the actors or situation portrayed, how was it that this production which completely simulated foreigners in a foreign cultural situation achieved such a degree of empathy with the viewers? Given the precept that audiences respond more freely to a bright or happy situation than to the reverse why did viewers want to possess a poster which could only remind them of a melancholy circumstance? And a question bearing on scriptwriting. In view of the soldier's despondency after hearing the message conveyed by the song, why did the sergeant ask him to play it again?

That concludes today's session on psychology.



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## Budget leaks need plug

THE details of the new export incentive scheme announced in the 1979 Budget prove that the statements made by Mr Douglas MP and myself regarding the existence of serious budget leaks were accurate.

In Commonwealth Parliamentary countries it has long been accepted constitutionally that details of tax changes must only be announced in the Budget in Parliament, and cannot be revealed prior to that date. This is not only to protect Parliament's right to levy taxes, but also to ensure that the integrity of the Budget is maintained and to prevent some sections of the community getting an advantage at the expense of others.

It has also been accepted that the Budget must be seen to be inviolate. It is not sufficient to argue that the leak may or may not have produced an economic advantage to those who received it. Dr Dalton, the British Chancellor of the Exchequer, had to resign as recently as 1948 because of a budget leak only five minutes before the budget was announced.

Your columnist argue that the Budget leak does not matter because share analysts such as themselves have been advocating the purchase of export industry shares since Christmas. Mr Douglas and I are fully aware of this fact. This, however, does not explain the tremendous spurt in share prices recently, but in any event whether or not the news resulted in a share price rise is irrelevant. What your columnist has failed to realise is that the Government did not just hold consultations with export industries. Indeed consultation with an industry to see what its needs are before making changes in Government policy is an admirable

idea and the National Government should have done it with the boatbuilders and the potters before applying sales tax to them.

Exporters were told what Government had actually decided to put in the budget. Exporters were informed of the details of the tax rebate that would apply to goods they manufacture, which is unprecedented, and enabled them to calculate their exact forward position. Industry was told the actual rates of tax, information which I would have thought, any share analyst would see is extremely valuable.

I believe that your columnist should also appreciate that this type of discrimination undermines the public's confidence in Parliament and should be opposed vigorously by business papers such as yours.

Richard Prebble,  
MP Auckland Central.

## Commonwealth cordiality

DID you realise that things had gone so far? On the 7.55 a.m. radio newscast June 11, it was announced that "Mr Muldoon will meet Mrs Thatcher over lunch at Downing Street and leave again the following morning."

W Roy Hill  
Waikanae Beach

## Gimmick' hits target

YOUR Admark commentator misses several points by a country mile in respect of our special interest account advertising (May 30; NBR).

Firstly, while the conditions of the account were attractive, we needed the small saver target market to actually read and learn just how good the benefits were. With many financial organisations using



LETTERS

"me too" approaches with interest rates of up to 14 per cent being prominently displayed, we needed to avoid a "ho-hum" response to our offer.

Secondly, the account was aimed directly at the small saver who was contemplating investing in Government savings stock. Our research indicated that the massive application form for these issues tended to inhibit small saver response, hence our stressing of the simplicity of making the same investment with us.

Thirdly, again remembering the concerns of our target

market and the conditions of our target competitor, we needed to stress the added advantage of withdrawal on demand, as opposed to the competitors' requirement to give one month's notice in writing.

If the measure of effectiveness in advertising is response, our agency translated our brief brilliantly. Our target funds growth for the account was achieved in six trading days, and we closed our offer two weeks ahead of schedule with the target oversubscribed by 50 per cent.

"Gimmick" advertising maybe, but more than enough of the target market read and appreciated the message. Incidentally, while the "coupon" was not designed as such, a number of respondents clipped it, completed it and mailed it with their deposit cheque.

Perhaps commentators operating without bylines should try to analyse their subjects objectively and, rather than relying on their own response, try to discover the response of the target market. If he is in any doubt of our target market for any campaign, we would welcome

a telephone call. On the basis of the commentator being in full possession of the facts as we see them, we would welcome any criticism.

S B Bailey  
Customer Services  
Wellington Savings Bank.

## Citizen calls state bluff

The successful bluffer must believe he really is dominant and that he holds the winning cards in his hand. False assertions of a strong character win out over weaker characters without being tested by the true facts.

The true facts of New Zealand's economic situation are only now beginning to test the supposed wisdom of the Muldoon economic mismanagement.

What is not yet generally recognised is that the Muldoon supposed economic expertise is part of a much larger bluff. One man would not have stood up so long if he stood alone.

There is a fundamental fault in the so-called "free enterprise" system. Power and wealth tend to snowball into

the hands of the few at the cost of the freedom and welfare of the many. That snowballing tendency of power and resultant privileges is even worse within socialism.

New Zealand bureaucratic power is still somewhat restrained by a tradition of freedom for the ordinary bloke.

The trend here is for company bureaucracies, union bureaucracies and academic bureaucracies to coalesce with government bureaucracy. The top bureaucrats of all these organisations become the men of power and wealth, Todd, Skinner, Holmes, Muldoon, etc.

The big bluff, the Establishment bluff of which the Muldoon supposed economic expertise is a reflection, is that there is no fundamental fault in the so-called "free enterprise" system, or at worst no fault which regulation by socialist bureaucracy cannot remedy.

Let us call that bluff by being honest enough with ourselves to tell ourselves the true facts about our New Zealand political economy.

John R Perkins  
Tauranga

# Nitty gritty sticks in dieticians' throats

by Belinda Gillespie

UNMOVED by nutty bars and gritty granolas, do you rate among life's pleasures hunks of fresh white bread with lots of butter and jam and to hell with the consequences?

If you think that fibre makes good rope but terrible food, you may yet survive the early grave that whole-food enthusiasts would insist that you deserve.

The role of fibre in health and disease has gained so much attention that it has spawned a whole new class of food products.

In the United States, the retail sale of bran-fortified products increased 20 per cent in a single year, and in New Zealand there is a definite attitude that wholemeal means more healthy.

Such a surge of interest has meant that some of the laboratory research on fibre has been applied over-enthusiastically to everyday decisions about food.

There are always a few who



GOOD HEALTHKEEPING

will go overboard on a particular health kick, and those who have overdone themselves with bran have found to their cost that you can have too much of a good thing.

Embarrassing flatulence, painful indigestion and diarrhoea can be the outcome of an excess of the nitty gritty. And there are other possible, if more subtle effects.

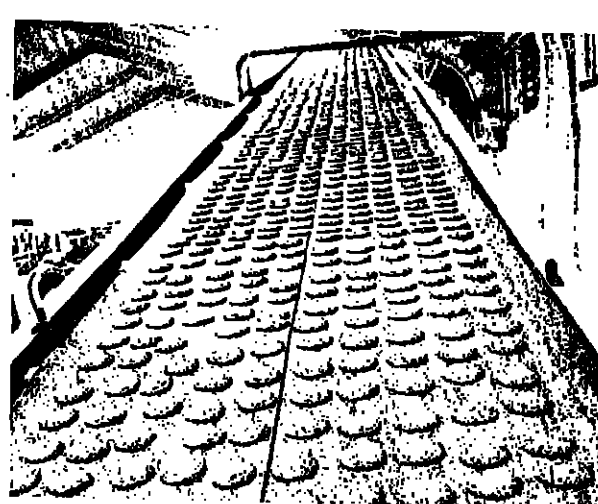
One component of dietary fibre, pectin, may reduce absorption of vitamin B12. Vegetarians, whose diets are

already low in this vitamin, and who are perhaps more likely than others to add "whole food" supplements to an already stringy diet, are particularly at risk.

Phytic acid, present in some plant foods, can bind minerals such as zinc, iron, calcium, copper and magnesium. Africans and Indians who eat high fibre diets are more prone than other groups to deficiencies of these minerals. And although the high cereal diet of these areas is associated with a lower incidence of digestive tract diseases, cardiovascular disease and cancer of the colon than is usual in developed countries, there is more cancer of the stomach, liver disease and kidney stones.

Where someone is eating just enough food to supply the needs for vitamins, minerals, protein and calories, adding large quantities of bran could, by sheer bulk, reduce the intake of food and lead to deficiencies.

Enlargement, twisting or



WHOLEMEAL - fibre enthusiasm begins to go down the drain.

even blockage of the intestine are conditions which occur in fibre-eating Africans, but rarely in Europeans.

Doctors led the pack a few years ago in their enthusiasm for food fibre as the answer to modern ills. They were soon backed up by the producers of cereals, who, like Kellogg's for example, sponsored symposia

positive contribution to the overall nutritional value of the diet," the panel said.

It pointed out the value of a mixture of sources of fibre, which is not one but many substances.

Cereals, fruit, vegetables, nuts and seeds all have their own peculiar brands of fibre. Adding bran alone will do little more than promote bowel activity, perhaps to an embarrassing extent.

The consensus seems to be that our needs for fibre are best met by the levels at which it occurs naturally in foods.

There is a good case for rather less sugar and fat than is usual in the New Zealand diet, to make way for more cereal, potatoes, wholemeal bread and so on.

But often overlooked is the fact that even white flour contains a proportion of fibre, and white bread is not the totally refined product it is often made out to be.

The high fibre leaves now on the market may contain extra bran or powdered food grade cellulose to give them up to four times the level of fibre naturally present in whole-wheat flour — a level unnecessarily and unnaturally high in the view of the advocates of moderation. In between, the old-fashioned wholemeal loaf, or its modern "mixed meal" counterpart still slices up to the healthy reputation it has long enjoyed.

Food products of all kinds which claim medical benefits on the grounds that they are loaded up with bran, cellulose, or other forms of fibre should be viewed with suspicion. Consumers can meet all their needs in this respect without succumbing to the market pressure to buy new and supposedly healthy products simply because they are there.

Otherwise, they may end up taking seriously the suggestion made by an American doctor last year — to increase the fibre intake at minimum cost by eating their used paper napkins after dinner.

"It seems likely," he said, "that one napkin per meal would provide for a daily fibre intake comparable to that obtained from specifically formulated products."

A variety of wholegrain products, fruits and vegetables will ensure a good mixture of fibre constituents and make a

When it comes to making everyday, practical choices of food, there simply isn't enough to go on to suggest that one should abandon white bread and cornflakes in favour of wholemeal everything.

An American expert panel on food safety and nutrition earlier this year advocated moderation.

"A variety of wholegrain products, fruits and vegetables will ensure a good mixture of fibre constituents and make a

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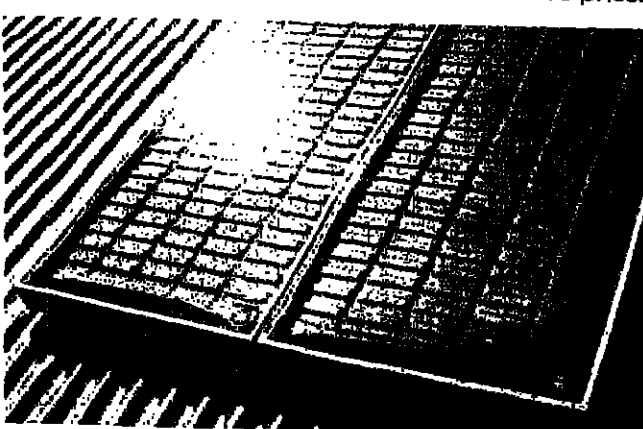
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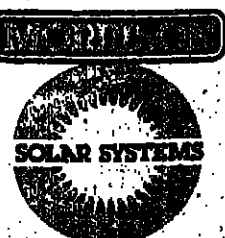
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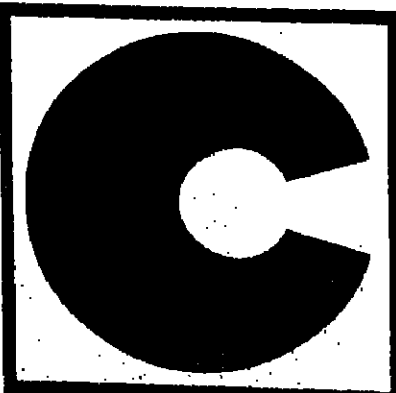
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RP I

### Pack methods boost exports

NEW packaging methods have been partially responsible for boosting an Upper Hutt company's exports from only \$4000 three years ago to \$250,000 this year.

Malcolm Mitchell, marketing director of McCabe Industries said that on his first sales trip to Australia two years ago "we were told our product was too good for the packaging — we had to improve our presentation".

Mitchell then teamed with

electrical products and engineering componentry. "Last year, for the first time we became a net earner of overseas funds," Mitchell said.

The company's drive into manufacturing its own products instead of other peoples' products was simplified by the company's expertise in tool and die making.

"The days of packing products in a loose bag with perhaps just a header board are gone forever," Mitchell said. "Judging by our own experience, the package is now just as important as the product itself."



PRESENTATION... Cooper packaging techniques with Gyles Pack, the contract packaging company, to develop new packaging for McCabe's product ranges.

The result was a series of facsimile models that Mitchell test marketed in Australia with positive results.

While the company was re-examining its packaging techniques, it was also reviewing its entire production strategy. Several years ago a decision was made to withdraw from a heavy commitment to custom moulding.

"We decided we wanted more control over our own future so we went into our own products," Mitchell said. Today 80 per cent of production capacity is devoted to the company's own products. This compares with a mere 10 per cent three years ago.

With the sudden diversification into its own product lines, McCabe Industries began to devote increasingly greater emphasis on packaging and presentation.

"In effect," Mitchell said, "Gyles Pack has become our packaging department." The result of the partnership has been that in three years McCabe Industries has tripled its turnover. The company works three shifts, five days a week.

"We place so much emphasis on packaging," says Mitchell "that nowadays Gyles makes the packs before we manufacture the finished product."

From his own experience, Mitchell believes that many companies are losing exports simply through inferior packaging. "The willingness of the New Zealand market to accept second rate packaging has lulled New Zealand manufacturers into a sense of false security when it comes to packaging exports," Mitchell said.

In addition to visual presentation, McCabe Industries also had to pay attention to the fact that all exports are freighted by air. Accordingly, one interesting development is a line of conical packages developed by Gyles which presents a high presentation profile on retail shelves as well as an economical air freight stowage factor when packed top to tail.

Another result of all this attention to export marketing has been a dramatic rise in domestic sales of all products. The McCabe Industries range of products, all plastic, includes toys, kitchen ware,

DELTA Plastics is fast approaching an export ratio of 89 per cent of all sales. Delta was the first substantial New Zealand manufacturer to crash past the 50 per cent exports barrier.

This percentage has steadily climbed in the last few years. For the last financial year the company achieved total sales of \$4 million.

The largest proportion of the Delta's 220 tonnes of ear tags exported last year, went to the United States — all were airfreighted through Palmerston North.

Delta began manufacturing plastic ear tags in 1965 and sent its first export order to Australia in 1967.

In 1976 the company opened up an export subsidiary in the United States and last year set up a jointly owned manufacturing company in France. Last year the company increased the floor area of its factory in Palmerston North and made its 100 millionth ear tag.

Delta's ratio of exports to domestic sales is the result of a breakthrough in plastics engineering 12 years ago by Delta founder and managing director John Burford.

After years of trial and error Burford and his team discovered the ideal composition for the ear tag. Using polyurethane, Delta developed an ear tag that was flexible, colour fast, and highly visible.

This development was paralleled by the invention of an application system that could be used with one hand.

Then, several years ago, the company embarked on its behind-the-scenes marketing technique of establishing subsidiary companies in the countries to which it was exporting.

At the same time, the benefits of the ear tags were extended. The Allflex Tag Co of Santa Monica, 75 per cent owned by Delta, sold more than one million tags to the Shell Chemical Co. The tags, made in Palmerston North, were impregnated with a pesticide against the Gulf coast ear tick.

In France, the Cooper Co in a joint operation with Delta, markets pricelosses control tags under authority from the French Government.

Recently, Delta has taken its marketing drive behind the Iron Curtain. Delta displayed a specially-made film at the Leipzig Trade Fair.

The Delta manufacturing operation is characterised by strict quality control. Almost everything is carried out under the company's own roof, including the diecasting of the metal applicators.

The company is also a leader in metal injection technology in injection moulding another factor that makes Delta the world's number two manufacturer of animal identification tags.

The company has recently however been plagued by imitators, especially in the United States.

### Agriculture gives work

by Peter Isaac

AGRICULTURAL sector demand has kept whole areas of the plastics industry buoyant, and the consumer market has been stronger than was generally expected.

At mid-year the plastics industry is going better on most fronts than many people within the industry itself predicted seven months ago.

The most hopeful aspect as far as the industry is concerned is the way in which the Government has allowed it to conduct its business as before.

Even the 10 per cent sales tax imposition on a range of household goods has not severely affected the industry. Last year with so much talk of indirect tax, there had been fears of a 20 per cent imposition.

At the same time, the Government has shown absolutely no liking for reducing the tariff walls for imported plastics. Prime Minister Rob Muldoon has increasingly side-stepped the issue. There are several reasons for this.

Firstly, there is the plastics industry's prime position as an intensive employer of labour.

Secondly, there is the industry's growing position as an exporter. A sudden influx of low cost imported goods, so the reasoning goes, could undermine the industry's entire export growth.

The result is that plastics manufacturers, especially manufacturers of consumer products will not have to compete with a wave of low cost imports. However, there is also increasing doubt in Government circles as to just how "low cost" these imports would be.

Scarce raw materials have driven up prices in the once low cost areas of Taiwan and South Korea. At the same time, New Zealand mass production technology has caught up rapidly in the last two years, and will accelerate even more rapidly with the introduction of process control.

Still another factor is that New Zealand's rapid tumble down the OECD ratings has meant that New Zealand labour is no longer in the high cost category.

Time is very much on the local manufacturers side — they are becoming increasingly competitive with the developing nations.

The Government's apparent abandonment of free market policies represents an important boost to the plastics manufacturers. Essentially, it gives them more time to develop exports.

Even so, the industry has two big headaches. The first is the raw materials problem which shows absolutely no signs of going away. Again, the problem is not as great as many people forecast earlier



NZ PLASTICS

in the year. There is the consolation too that every other country is afflicted by the same problem.

The allocation of raw materials does, however pull one crucial advantage out from under the feet of the New Zealand manufacturers. This

is their ability to shop worldwide for raw materials.

It is not generally appreciated that New Zealand is one of the world's last remaining free markets for plastics raw materials.

Almost all other countries have developed their own petro-chemical industries and therefore must pay generally inflated domestic production prices.

In the last 10 years, New Zealand manufacturers have acquired a worldwide reputation for hard bargaining on raw materials purchasing. Most of the world's producers are represented here and the competition has been intense. This is why when the raw materials shortage began to bite, some supply houses displayed their glee as the

market appeared to move back to the sellers. At times of shortage, the supply houses like to reward their loyal customers, but let the more fickle ones take their chances wherever they can.

The other big headache is, of course, the net population loss. This was one problem nobody bargained for. It is hard to see how there can be real consumer growth unless there are more consumers.

Again, plastics companies have tended to respond in a positive fashion. A sign of the times is the way in which some companies have extricated themselves from custom moulding and entered the market place with their own product ranges, giving themselves a much greater degree of control over their own destiny.

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# Gap grows between local and imported fuel

by Bob Stott

FINANCE Minister Rob Muldoon has initiated moves to create a price gap between home-grown and imported energy.

In the Budget, Muldoon said there was a need to establish more appropriate price relationships among imported fuels and between imported and indigenous fuels.

There'll be a tax on kerosene so that electricity (of which we appear to have a surplus of embarrassing proportions) will be more attractive.

In the Budget, the new incentives to use compressed natural gas in motor vehicles matches earlier incentives to use liquefied petroleum gas. This makes sense — until Maui LPG is available there'll not be much spare Kapuni LPG as supplies are largely committed.

The incentives, Muldoon said, will be reviewed from time to time, so we can assume that from now on, the local energy source (ie electricity for Wellington's new trolley

buses or coal versus fuel oil) will be the more attractive.

What is now needed are hard facts to back up the claim that LPG and CNG are viable vehicle fuels.

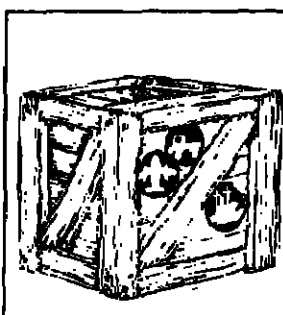
Many transport operators would like to see a large-scale demonstration project, carefully monitored, and with results widely published.

For instance, 50 Post Office vans (light trade vehicles), 50 NZR suburban buses and 50 petrol-engined trucks in the five or seven tonne range (NZR Post Office or even Ministry of Works) could be converted to CNG.

Running costs would be kept and at the same time, the cost of running same-sized petrol fleets would be necessary as a control.

The experiment could run over five years, with progress results available six monthly. The results should be favourable to the gas-powered vehicles.

The conversion incentives, the price differential of LPG and CNG, the exemption of such vehicles from carless day



TRANSPORT

controls and a practical demonstration would combine to form a package which many transport operators would find attractive. But in the absence of a demonstration project I wonder how many operators would take the trouble to convert.

The ultimate would be for vehicle makers to offer either gas or petrol powered vehicles ex-factory.

But by the time a demonstration project had run its course, Mobil might have built its proposed synthetic

petroleum plant making conversion unnecessary, but at the same time this country has surely dithered too long searching for the best of all possible worlds.

We have tended to do nothing for fear we may make a wrong decision... there's always the fear that if we adopt today's technology someone tomorrow will come up with something better by which time we will have committed ourselves to second best.

If the Government continues along the road to maximising the use of gas, as such in motor vehicles, it's far better than the do-nothing attitude of the recent past.

Imported petroleum products, however, have attractions as yet unmatched by most indigenous fuels. Take heavy fuel oil for example — for those who can't really use electricity in steam-raising, for example the oil companies offer an unbeatable service.

Fuel oil is available nationwide, it can be transported, pumped and stored

simply and there's no ash disposal problem. Coal, the natural competitor, is transported by archaic means, the handling is equally old-fashioned and the user is left with an ash disposal problem.

Gas as a transport fuel has obvious advantages — in theory — but in practice it's less attractive than imported fuels in many cases simply because gas filling stations are as yet, few and far between.

Until there is a demand for widely scattered gas filling stations then the present situation will continue... but who's going to convert until gas distribution is improved?

As the Government does firm up on energy policy, how long will it be before transport planning decisions take fuel into account? How long will it be before fuel efficient transport is promoted at the expense of gross fuel users?

If we do get to this stage, some of the decisions won't be easy. For example, I doubt whether the proposed gas turbine powered Cook Strait jetfoil can compete as far as fuel efficiency is concerned with the medium speed diesels which power the existing rail ferries.

I also doubt whether the Railways practice of running parallel long distance bus and train services is always justified on fuel economy grounds (why not use the buses as feeders to the trains?).

Air New Zealand's cut-rate off-peak fares for internal services can be questioned. If planes are idle off-peak let them stand on the tarmac — American research suggests that on a passenger kilometre per litre basis a narrow body jet is no better than an eight km-litre car carrying two people. The same figures show that four people in a 16 km-litre car is indeed a fuel-efficient way of moving people, while if six are crammed into such a vehicle then the fuel economy achieved matches that of a 44-seat inter-city bus.

Even though United States figures show that a 134-seat Boeing 727 uses 10 times more fuel per passenger kilometre than a 600-seat train it can be argued that to discourage air travel and force people used to frequent air services to take infrequent 600-seat trains would be politically unacceptable.

However, the Ministry of

Energy has come up with a survey conducted among 82 Auckland and Wellington motorists by McNair Surveys which has several interesting aspects.

The respondents proved to be wedded to their cars. Most said that if petrol doubled, they would not change their driving habits. The enthusiasm for the motor car was matched by a low regard for public transport, which was seen as slower, bound to unsuitable fixed routes, and only marginally cheaper.

Here are a few samples from this survey, of motorists' attitudes:

Respondents called for dramatic improvements to public transport to make it a more attractive alternative to the private car.

They saw a need to make it more difficult to drive in the city, particularly to and from work.

Minor tinkering with the problem would be insufficient — change would need to be substantial, even dramatic.

The people approached in the survey had some idea of what would be best for the community as a whole, but at the same time they would not follow "best" courses of action unless they were forced to... and to that end, they were asking the all-powerful state to develop such a force.

This point is perhaps reinforced in the comment that "a dramatic increase in the number of traffic officers, coupled with harsher penalties would reduce our speeding".

I find it rather unsettling that presumably responsible adults are saying that they know what's best for the community but that they will not take such action unless they are forced to and that therefore they should be forced.

The point I make is that if the survey does give an accurate picture of motorists' attitudes, the political repercussions may not be as severe as politicians might anticipate.

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AUCKLAND

**PAGE 10 SHOWS YOU WHERE AUCKLAND HAPPENS**

# Air Nauru spreads its wings Japanese iron art gathers dust in New Zealand suburban basements

by Wayne Brittenden

WHAT kept 18 top officials from two countries, plus an international legal expert from a third country, tied up in Wellington talking for eight days with no great result to show at the end of it all?

Not another industrial dispute or the grounding of the DC10s — but the exchange of air rights between Air New Zealand and the tiny Pacific island of Nauru.

The Nauruans came to Wellington in their own plane to convince New Zealand Transport and Foreign Affairs officials that their expansionist airline, Air Nauru, should be allowed landing rights in New Zealand.

The whole performance was blissfully unreported by the daily media, despite elaborate arrangements for an opening round of statements in Parliament's Maori Affairs committee room.

Nauru's President Hamer de Robert was due to make an opening statement and the television lights were all set up when word came that he would be late. Down came the lights and away went the television crew. Neither channel took any further interest in the matter.

But why should a simple request for landing rights take so long, especially when New Zealand did not really oppose the request?

The answer illustrates the complexities involved for governments and airlines under the new rules of the international game.

The phosphate-rich island of Nauru runs an international airline whose Boeing 737s and 727s run largely empty most of the time. But the \$14 million-a-year subsidy paid to the airline is regarded as a small cost for the national prestige of having an international airline.

Nauru considers it has a special responsibility for the area south and east of Micronesia. It runs services to Guam, Hong Kong, Kuching in southern Japan, Fiji, Port Vila and Australia and now wants to extend the

privilege of its service to New Zealand.

Big deal, says Air New Zealand. Who cares? asks the public. Who wants to go to Nauru anyway?

In aviation terms, it is quite a big deal, because although Air New Zealand doesn't fly the same route, it does go up the long finger of eastern Asia and is taking an increasing interest in the area now that a Japan service is in prospect.

Too free a rein for Air Nauru would bleed traffic from the Noumea Port Vila area and from Air New Zealand's struggling Hong Kong service by offering an alternative route.

Ministry of Transport figures put the New Zealand Nauru traffic at three people a week, but Air Nauru hopes to have a weekly service operating by August using an 86-seater Boeing 737.

In a confidential memorandum attached to the agreement, the two sides agreed on a secret quota for the number of passengers Air Nauru is allowed to take out of New Zealand.

All that took nearly eight days for the officials and a good deal of posturing on both sides. It is hard work in government these days.

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Kurokawa, who spent a nine-year apprenticeship simply learning to polish the cherished blades.

Passed on from generation to generation, many went missing in the turmoil of the Pacific war.

Ninety-nine per cent, according to Kurokawa, were taken by the foreign military. Sword-lover that he is, few of

the blades Kurokawa buys will make it to museums back in Japan. They'll be sold to the country's well-to-do collectors who, he hastily adds, arrange public showings from time to time.

Wayne Brittenden is Radio New Zealand's correspondent in Tokyo.

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PSSII	20-22	20-22	17-19	22-24	19-21	24-26	21-23	25-27	23-25	27-29
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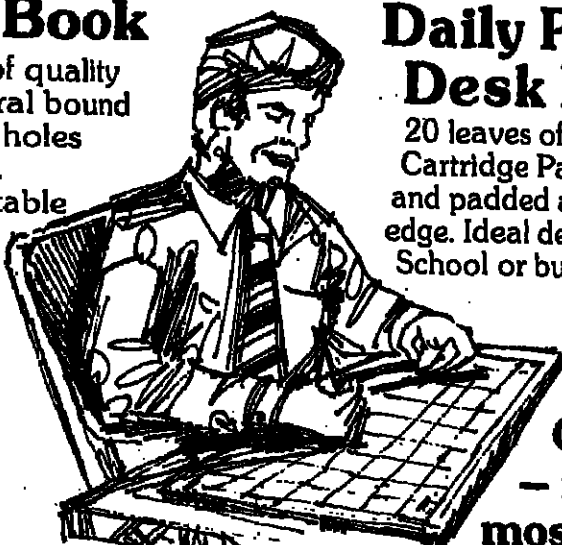
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Corolla has a four year record as the world's top production model (in 1977 this meant a lead of 139,000 vehicles world wide.)

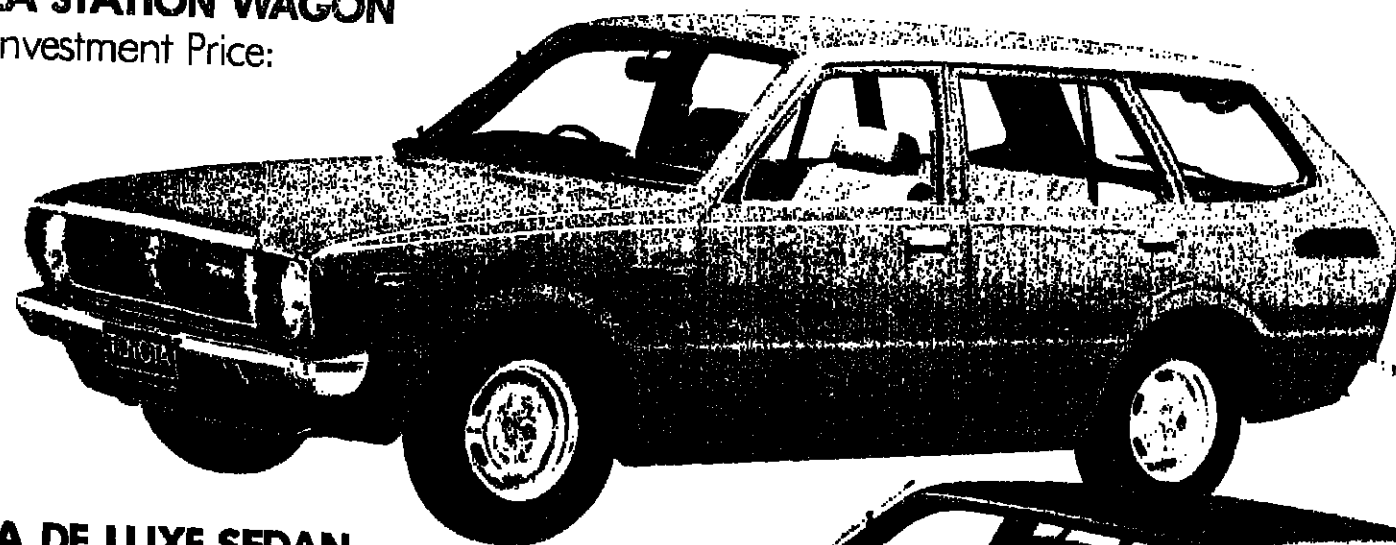
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